

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
To H.R. 4**

**OFFERED BY MR. CARDIN OF MARYLAND, MS.  
WOOLSEY OF CALIFORNIA, AND MR. KIND OF  
WISCONSIN**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Next Step in Reform-  
3 ing Welfare Act”.

**4 SEC. 2. TABLE OF CONTENTS.**

5       The table of contents of this Act is as follows:

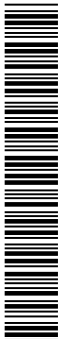
- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Amendment of Social Security Act.

**TITLE I—CONTINUATION OF CERTAIN GRANTS**

- Sec. 101. Family assistance grants.
- Sec. 102. Bonus to reward high performance States.
- Sec. 103. Extension of supplemental grants.
- Sec. 104. Additional grants for States with low Federal funding per poor child.
- Sec. 105. Contingency Fund.
- Sec. 106. Eligibility of Puerto Rico, the United States Virgin Islands, and  
Guam for the supplemental grant for population increases, the  
Contingency Fund, and mandatory child care funding.
- Sec. 107. Direct funding and administration by Indian tribes.
- Sec. 108. Extension of TANF program through fiscal year 2003.
- Sec. 109. Matching grants for the territories.

**TITLE II—POVERTY REDUCTION**

- Sec. 201. Additional purpose of TANF program.
- Sec. 202. Child poverty reduction grants.
- Sec. 203. Review and conciliation process.
- Sec. 204. Replacement of caseload reduction credit with employment credit.
- Sec. 205. States to receive partial credit toward work participation rate for re-  
cipients engaged in part-time work.



## 2

- Sec. 206. TANF recipients who qualify for supplemental security income benefits removed from work participation rate calculation for entire year.
- Sec. 207. Effective date.

## TITLE III—REQUIRING AND REWARDING WORK

- Sec. 301. Effect of wage subsidies on 5-year limit.
- Sec. 302. Child care.
- Sec. 303. Competitive grants to improve access to various benefit programs.
- Sec. 304. Assessments for TANF recipients.
- Sec. 305. Applicability of workplace laws.
- Sec. 306. Work participation requirements.
- Sec. 307. Hours of work-related activities.
- Sec. 308. State option to require recipients to engage in work for 40 hours per week.
- Sec. 309. Revision and simplification of the transitional medical assistance program (tma).
- Sec. 310. Ensuring TANF funds are not used to displace public employees.
- Sec. 311. Increase in funding for social services block grant.

TITLE IV—HELPING WELFARE LEAVERS CLIMB THE  
EMPLOYMENT LADDER

- Sec. 401. State plan requirement on employment advancement.
- Sec. 402. Employment Advancement Fund.
- Sec. 403. Elimination of limit on number of TANF recipients enrolled in vocational education or high school who may be counted towards the work participation requirement.
- Sec. 404. Counting of up to 2 years of vocational or educational training (including postsecondary education), work-study, and related internships as work activities.
- Sec. 405. Limited counting of certain activities leading to employment as work activity.
- Sec. 406. Clarification of authority of States to use TANF funds carried over from prior years to provide TANF benefits and services.
- Sec. 407. Definition of assistance.
- Sec. 408. Continuation of pre-welfare reform waivers.

TITLE V—PROMOTING FAMILY FORMATION AND RESPONSIBLE  
PARENTING

- Sec. 501. Family Formation Fund.
- Sec. 502. Distribution of child support collected by States on behalf of children receiving certain welfare benefits.
- Sec. 503. Elimination of separate work participation rate for 2-parent families.
- Sec. 504. Ban on imposition of stricter eligibility criteria for 2-parent families; State opt-out.
- Sec. 505. Extension of abstinence education funding under maternal and child health program.

## TITLE VI—RESTORING FAIRNESS FOR IMMIGRANT FAMILIES

- Sec. 601. Treatment of aliens under the TANF program.
- Sec. 602. Optional coverage of legal immigrants under the medicaid program and SCHIP.
- Sec. 603. Eligibility of disabled children who are qualified aliens for SSI.



## TITLE VII—ENSURING STATE ACCOUNTABILITY

Sec. 701. Extension of maintenance-of-effort requirement.

Sec. 702. Ban on using Federal TANF funds to replace State and local spending that does not meet the definition of qualified State expenditures.

## TITLE VIII—IMPROVING INFORMATION ABOUT TANF RECIPIENTS AND PROGRAMS

Sec. 801. Extension of funding of studies and demonstrations.

Sec. 802. Longitudinal studies of employment and earnings of TANF leavers.

Sec. 803. Inclusion of disability status in information States report about TANF families.

Sec. 804. Annual report to the Congress to include greater detail about State programs funded under TANF.

Sec. 805. Enhancement of understanding of the reasons individuals leave State TANF programs.

Sec. 806. Standardized State plans.

Sec. 807. Study by the Census Bureau.

Sec. 808. Access to welfare; welfare outcomes.

## TITLE IX—EFFECTIVE DATE

Sec. 901. Effective date.

1 **SEC. 3. AMENDMENT OF SOCIAL SECURITY ACT.**

2 Except as otherwise expressly provided, wherever in  
3 this Act an amendment or repeal is expressed in terms  
4 of an amendment to, or repeal of, a section or other provi-  
5 sion, the amendment or repeal shall be considered to be  
6 made to a section or other provision of the Social Security  
7 Act.

8 **TITLE I—CONTINUATION OF**  
9 **CERTAIN GRANTS**10 **SEC. 101. FAMILY ASSISTANCE GRANTS.**

11 Section 403(a)(1)(A) (42 U.S.C. 603(a)(1)(A)) is  
12 amended by striking “1996” and all that follows through  
13 “2002” and inserting “2004 through 2008”.



1 **SEC. 102. BONUS TO REWARD HIGH PERFORMANCE**  
2 **STATES.**

3 Section 403(a)(4) (42 U.S.C. 603(a)(4)) is  
4 amended—

5 (1) in subparagraph (D), by striking  
6 “\$1,000,000,000” and inserting “\$1,800,000,000”;

7 (2) in subparagraph (E), by striking “and  
8 2003” and inserting “2003, 2004, 2005, 2006,  
9 2007, and 2008”; and

10 (3) in subparagraph (F), by striking  
11 “\$1,000,000,000” and inserting “\$800,000,000, and  
12 for fiscal years 2004 through 2008  
13 \$1,000,000,000,”.

14 **SEC. 103. EXTENSION OF SUPPLEMENTAL GRANTS.**

15 Section 403(a)(3) (42 U.S.C. 603(a)(3)) is  
16 amended—

17 (1) in subparagraph (A)—

18 (A) by striking “and” at the end of clause  
19 (i);

20 (B) by striking the period at the end of  
21 clause (ii) and inserting “; and”; and

22 (C) by adding at the end the following:

23 “(iii) for each of fiscal years 2004  
24 through 2008, a grant in an amount equal  
25 to the amount required to be paid to the



1 State under this paragraph in fiscal year  
2 2001.”;

3 (2) in subparagraph (E), by striking “1998”  
4 and all that follows and inserting “2004 through  
5 2008 \$1,597,250,000 for grants under this para-  
6 graph.”; and

7 (3) by striking subparagraph (G).

8 **SEC. 104. ADDITIONAL GRANTS FOR STATES WITH LOW**  
9 **FEDERAL FUNDING PER POOR CHILD.**

10 Section 403(a) (42 U.S.C. 603(a)) is amended by  
11 adding at the end the following:

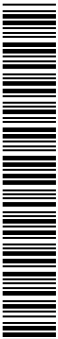
12 “(6) ADDITIONAL GRANTS FOR STATES WITH LOW  
13 FEDERAL FUNDING PER POOR CHILD.—

14 “(A) IN GENERAL.—The Secretary shall  
15 make a grant pursuant to this paragraph to a  
16 State—

17 “(i) for fiscal year 2004, if the State  
18 is an inadequately poverty-funded State for  
19 fiscal year 2003; and

20 “(ii) for any of fiscal years 2005  
21 through 2008, if the State is an inad-  
22 equately poverty-funded State for any prior  
23 fiscal year after fiscal year 2003.

24 “(B) INADEQUATELY POVERTY-FUNDED  
25 STATE.—For purposes of this paragraph, a

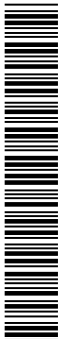


1 State is an inadequately poverty-funded State  
2 for a particular fiscal year if—

3 “(i) the total amount of the grants  
4 made to the State under paragraph (1),  
5 paragraph (3), and this paragraph for the  
6 particular fiscal year, divided by the num-  
7 ber of children in poverty in the State with  
8 respect to the particular fiscal year is less  
9 than 75 percent of the total amount of  
10 grants made to all eligible States under  
11 paragraph (1), paragraph (3), and this  
12 paragraph for the particular fiscal year, di-  
13 vided by the total number of children living  
14 in poverty in all eligible States with respect  
15 to the particular fiscal year; and

16 “(ii) the total of the amounts paid to  
17 the State under this subsection for all  
18 prior fiscal years that have not been ex-  
19 pended by the State by the end of the pre-  
20 ceding fiscal year is less than 50 percent of  
21 State family assistance grant for the par-  
22 ticular fiscal year.

23 “(C) AMOUNT OF GRANT.—The amount of  
24 the grant to be made under this paragraph to  
25 a State for a particular fiscal year shall be—



1 “(i) if the particular fiscal year is fis-  
2 cal year 2004, an amount equal to—

3 “(I) the number of children in  
4 poverty in the State for the then pre-  
5 ceding fiscal year, divided by the total  
6 number of children in poverty in all  
7 States that are inadequately poverty-  
8 funded States for the then preceding  
9 fiscal year; multiplied by

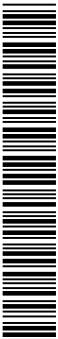
10 “(II) the amount appropriated  
11 pursuant to subparagraph (G) for the  
12 particular fiscal year; or

13 “(ii) if the particular fiscal year is any  
14 of fiscal years 2005 through 2008, an  
15 amount equal to—

16 “(I) the amount required to be  
17 paid to the State under this para-  
18 graph for the then preceding fiscal  
19 year; plus

20 “(II) if the State is an inad-  
21 equately poverty-funded State for the  
22 then preceding fiscal year—

23 “(aa) the number of children  
24 in poverty in the State for the  
25 then preceding fiscal year, di-



1                   vided by the total number of chil-  
2                   dren in poverty in all States that  
3                   are inadequately poverty-funded  
4                   States for the then preceding fis-  
5                   cal year; multiplied by

6                   “(bb) the amount appro-  
7                   priated pursuant to subpara-  
8                   graph (G) for the particular fis-  
9                   cal year.

10                  “(D) USE OF GRANT.—A State to which a  
11                  grant is made under this paragraph shall use  
12                  the grant for any purpose for which a grant  
13                  made under this part may be used.

14                  “(E) DEFINITIONS.—In this paragraph:

15                  “(i) CHILDREN IN POVERTY.—The  
16                  term ‘children in poverty’ means, with re-  
17                  spect to a State and a fiscal year, the  
18                  number of children residing in the State  
19                  who had not attained 18 years of age and  
20                  whose family income was less than the pov-  
21                  erty line then applicable to the family, as  
22                  of the end of the fiscal year.

23                  “(ii) POVERTY LINE.—The term ‘pov-  
24                  erty line’ has the meaning given the term  
25                  in section 673(2) of the Omnibus Budget





1 Reconciliation Act of 1981, including any  
2 revision required by such section.

3 “(F) FAMILY INCOME DETERMINATIONS.—

4 For purposes of this paragraph, family income  
5 includes cash income, except cash benefits from  
6 means-tested public programs and child support  
7 payments.

8 “(G) APPROPRIATIONS.—

9 “(i) IN GENERAL.—Out of any money  
10 in the Treasury of the United States not  
11 otherwise appropriated, there are appro-  
12 priated for grants under this paragraph—

13 “(I) \$65,000,000 for fiscal year  
14 2004;

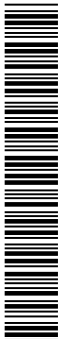
15 “(II) \$130,000,000 for fiscal  
16 year 2005;

17 “(III) \$195,000,000 for fiscal  
18 year 2006;

19 “(IV) \$260,000,000 for fiscal  
20 year 2007; and

21 “(V) \$325,000,000 for fiscal year  
22 2008.

23 “(ii) AVAILABILITY.—Amounts made  
24 available under clause (i) shall remain  
25 available until expended.”.



1 **SEC. 105. CONTINGENCY FUND.**

2 (a) IN GENERAL.—Section 403(b) (42 U.S.C.  
3 603(b)) is amended—

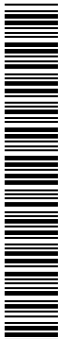
4 (1) in paragraph (2), by striking “1997” and  
5 all that follows and inserting “2004 through 2008  
6 such sums as are necessary for payments under this  
7 subsection”; and

8 (2) in paragraph (3), by striking subparagraph  
9 (C) and inserting the following:

10 “(C) LIMITATION ON MONTHLY PAYMENT  
11 TO A STATE.—The total amount paid to a sin-  
12 gle State under subparagraph (A) during a fis-  
13 cal year shall not exceed 20 percent of the  
14 State family assistance grant.”.

15 (b) APPLICATION OF REGULAR MAINTENANCE OF  
16 EFFORT REQUIREMENT.—Section 409(a)(10) (42 U.S.C.  
17 609(a)(10)) is amended by striking “100 percent of his-  
18 toric State expenditures (as defined in paragraph  
19 (7)(B)(iii) of this subsection)” and inserting “the applica-  
20 ble percentage (as defined in paragraph (7)(B)(ii) of this  
21 subsection) of inflation-adjusted historic State expendi-  
22 tures (as defined in paragraph (7)(B)(vi) of this sub-  
23 section)”.

24 (c) MODIFICATION OF UNEMPLOYMENT TEST TO  
25 BECOME NEEDY STATE.—Section 403(b)(5)(A) (42  
26 U.S.C. 603(b)(5)(A)) is amended to read as follows:



1           “(A) the average rate of total unemploy-  
2           ment in the State (seasonally adjusted) for the  
3           period consisting of the most recent 3 months  
4           for which data are available has increased by  
5           the lesser of 1.5 percentage points or by 50 per-  
6           cent over the corresponding 3-month period in  
7           the preceding fiscal year; or”.

8           (d) MODIFICATION OF FOOD STAMP TEST TO BE-  
9           COME NEEDY STATE.—Section 403(b)(5)(B) (42 U.S.C.  
10          603(b)(5)(B)) is amended to read as follows:

11           “(B) as determined by the Secretary of  
12           Agriculture, the monthly average number of  
13           households (as of the last day of each month)  
14           that participated in the food stamp program in  
15           the State in the then most recently concluded 3-  
16           month period for which data are available ex-  
17           ceeds by at least 10 percent the monthly aver-  
18           age number of households (as of the last day of  
19           each month) in the State that participated in  
20           the food stamp program in the corresponding 3-  
21           month period in the preceding fiscal year.”.

22           (e) SIMPLIFICATION OF RECONCILIATION FOR-  
23           MULA.—Section 403(b)(6) (42 U.S.C. 603(b)(6)) is  
24           amended to read as follows:

25           “(6) ANNUAL RECONCILIATION.—



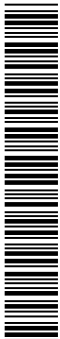
1           “(A) IN GENERAL.—Notwithstanding para-  
2 graph (3), if the Secretary makes a payment to  
3 a State under this subsection in a fiscal year,  
4 then the State shall remit to the Secretary,  
5 within 1 year after the end of the first subse-  
6 quent period of 3 consecutive months for which  
7 the State is not a needy State, an amount equal  
8 to the amount (if any) by which—

9           “(i) the maintenance of effort level (as  
10 defined in subparagraph (B)(i) of this  
11 paragraph) for the fiscal year, plus the  
12 State contribution (as defined in subpara-  
13 graph (B)(ii) of this paragraph) in the fis-  
14 cal year; exceeds

15           “(ii) the qualified State expenditures  
16 (as defined in section 409(a)(7)(B)(i)) in  
17 the fiscal year.

18           “(B) DEFINITIONS.—In subparagraph (A):

19           “(i) MAINTENANCE OF EFFORT  
20 LEVEL.—The term “maintenance of effort  
21 level” means, with respect to a State and  
22 a fiscal year, an amount equal to the appli-  
23 cable percentage of historic State expendi-  
24 tures (as defined in section 409(a)(7)(B))  
25 for the fiscal year.

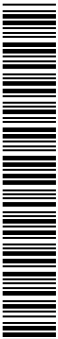


1 “(ii) STATE CONTRIBUTION.—The  
2 term ‘State contribution’ means, with re-  
3 spect to a fiscal year—

4 “(I) the total amount paid to the  
5 State under this subsection in the fis-  
6 cal year; multiplied by

7 “(II) 1 minus the greater of 75  
8 percent or the Federal medical assist-  
9 ance percentage for the State (as de-  
10 fined in section 1905(b)), divided by  
11 the greater of 75 percent or the Fed-  
12 eral medical assistance percentage for  
13 the State (as defined in section  
14 1905(b)).”.

15 (f) INCREASE IN NUMBER OF MONTHS FOR WHICH  
16 STATE MAY QUALIFY FOR PAYMENTS.—Section  
17 403(b)(4) (42 U.S.C. 603(b)(4)) is amended by striking  
18 “2-month” and inserting “3-month”.



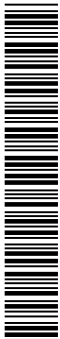
1 **SEC. 106. ELIGIBILITY OF PUERTO RICO, THE UNITED**  
2 **STATES VIRGIN ISLANDS, AND GUAM FOR**  
3 **THE SUPPLEMENTAL GRANT FOR POPU-**  
4 **LATION INCREASES, THE CONTINGENCY**  
5 **FUND, AND MANDATORY CHILD CARE FUND-**  
6 **ING.**

7 (a) SUPPLEMENTAL GRANT FOR POPULATION IN-  
8 CREASES.—

9 (1) IN GENERAL.—Section 403(a)(3)(D)(iii)  
10 (42 U.S.C. 603(a)(3)(D)(iii)) is amended by striking  
11 “and the District of Columbia.” and inserting “, the  
12 District of Columbia, Puerto Rico, the United States  
13 Virgin Islands, and Guam. For fiscal years begin-  
14 ning after the effective date of this sentence, this  
15 paragraph shall be applied and administered as if  
16 the term ‘State’ included the Commonwealth of  
17 Puerto Rico, the United States Virgin Islands, and  
18 Guam for fiscal year 1998 and thereafter.”.

19 (2) GRANT PAYMENT DISREGARDED FOR PUR-  
20 POSES OF SECTION 1108 LIMITATION.—Section  
21 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by  
22 inserting “, or any payment made to the Common-  
23 wealth of Puerto Rico, the United States Virgin Is-  
24 lands, or Guam under section 403(a)(3)” before the  
25 period.

26 (b) CONTINGENCY FUND.—



1           (1) IN GENERAL.—Section 403(b)(7) (42  
2       U.S.C. 603(b)(7)) is amended by striking “and the  
3       District of Columbia” and inserting “, the District  
4       of Columbia, the Commonwealth of Puerto Rico, the  
5       United States Virgin Islands, and Guam.”.

6           (2) GRANT PAYMENT DISREGARDED FOR PUR-  
7       POSES OF SECTION 1108 LIMITATION.—Section  
8       1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by  
9       subsection (a)(2) of this section, is amended by in-  
10      serting “or 403(b)” after “403(a)(3)” before the pe-  
11      riod.

12      (c) CHILD CARE ENTITLEMENT FUNDS.—

13           (1) IN GENERAL.—Section 418(d) (42 U.S.C.  
14       618(d)) is amended by striking “and the District of  
15       Columbia” and inserting “, the District of Columbia,  
16       the Commonwealth of Puerto Rico, the United  
17       States Virgin Islands, and Guam”.

18           (2) AMOUNT OF PAYMENT.—

19           (A) GENERAL ENTITLEMENT.—Section  
20       418(a)(1) (42 U.S.C. 618(a)(1)) is amended by  
21       striking “the greater of—” and all that follows  
22       and inserting the following:

23           “(A) in the case of the Commonwealth of  
24       Puerto Rico, the United States Virgin Islands,  
25       and Guam, 60 percent of the amount required



1 to be paid to the State for fiscal year 2001  
2 under the Child Care and Development Block  
3 Grant Act of 1990; or

4 “(B) in the case of any other State, the  
5 greater of—

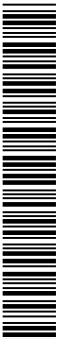
6 “(i) the total amount required to be  
7 paid to the State under section 403 for fis-  
8 cal year 1994 or 1995 (whichever is great-  
9 er) with respect to expenditures for child  
10 care under subsections (g) and (i) of sec-  
11 tion 402 (as in effect before October 1,  
12 1995); or

13 “(ii) the average of the total amounts  
14 required to be paid to the State for fiscal  
15 years 1992 through 1994 under the sub-  
16 sections referred to in clause (i).”;

17 (B) ALLOTMENT OF REMAINDER.—Section  
18 418(a)(2)(B) (42 U.S.C. 618(a)(2)(B)) is  
19 amended to read as follows:

20 “(B) ALLOTMENTS TO STATES.—Of the  
21 total amount available for payments to States  
22 under this paragraph, as determined under sub-  
23 paragraph (A) of this paragraph—

24 “(i) an amount equal to 65 percent of  
25 the amount required to be paid to each of



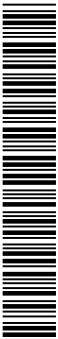


1 the Commonwealth of Puerto Rico, the  
2 United States Virgin Islands, and Guam  
3 for fiscal year 2001 under the Child Care  
4 and Development Block Grant Act of  
5 1990, shall be allotted to the Common-  
6 wealth of Puerto Rico, the United States  
7 Virgin Islands, and Guam, respectively;  
8 and

9 “(ii) the remainder shall be allotted  
10 among the other States based on the for-  
11 mula used for determining the amount of  
12 Federal payments to each State under sec-  
13 tion 403(n) of this Act (as in effect before  
14 October 1, 1995).”.

15 (3) GRANT PAYMENT DISREGARDED FOR PUR-  
16 POSES OF SECTION 1108 LIMITATION.—Section  
17 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by  
18 subsections (a)(2) and (b)(2) of this section, is  
19 amended by striking “or 403(b)” and inserting “,  
20 403(b), or 418”.

21 (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall take effect on October 1, 2003, and shall  
23 apply to expenditures for fiscal years beginning with fiscal  
24 year 2004.



1 **SEC. 107. DIRECT FUNDING AND ADMINISTRATION BY IN-**  
2 **DIAN TRIBES.**

3 (a) TRIBAL FAMILY ASSISTANCE GRANT.—Section  
4 412(a)(1) (42 U.S.C. 612(a)(1)) is amended by striking  
5 “1997, 1998, 1999, 2000, and 2001” and inserting “2004  
6 through 2008”.

7 (b) GRANTS FOR INDIAN TRIBES THAT RECEIVED  
8 JOBS FUNDS.—Section 412(a)(2) (42 U.S.C. 612(a)(2))  
9 is amended by striking “1997, 1998, 1999, 2000, and  
10 2001” and inserting “2004 through 2008”.

11 **SEC. 108. EXTENSION OF TANF PROGRAM THROUGH FIS-**  
12 **CAL YEAR 2003.**

13 Except as otherwise provided in this Act and the  
14 amendments made by this Act, activities authorized by  
15 part A of title IV of the Social Security Act, and by section  
16 1108(b) of the Social Security Act, shall continue through  
17 September 30, 2003, in the manner authorized, and at  
18 the level provided, for fiscal year 2002.

19 **SEC. 109. MATCHING GRANTS FOR THE TERRITORIES.**

20 Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amend-  
21 ed by striking “1997 through 2002” and inserting “2004  
22 through 2008”.

23 **TITLE II—POVERTY REDUCTION**

24 **SEC. 201. ADDITIONAL PURPOSE OF TANF PROGRAM.**

25 Section 401(a) (42 U.S.C. 601(a)) is amended—



1 (1) by striking “and” at the end of paragraph  
2 (3);

3 (2) by striking the period at the end of para-  
4 graph (4) and inserting “; and”; and

5 (3) by adding at the end the following:

6 “(5) reduce the extent and severity of poverty  
7 and promote self-sufficiency among families with  
8 children.”.

9 **SEC. 202. CHILD POVERTY REDUCTION GRANTS.**

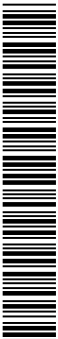
10 Section 403(a) (42 U.S.C. 603(a)) is further amend-  
11 ed by adding at the end the following:

12 “(7) BONUS TO REWARD STATES THAT REDUCE  
13 CHILD POVERTY.—

14 “(A) IN GENERAL.—Beginning with fiscal  
15 year 2004, the Secretary shall make a grant  
16 pursuant to this paragraph to each State for  
17 each fiscal year for which the State is a quali-  
18 fied child poverty reduction State.

19 “(B) AMOUNT OF GRANT.—

20 “(i) IN GENERAL.—Subject to this  
21 subparagraph, the amount of the grant to  
22 be made to a qualified child poverty reduc-  
23 tion State for a fiscal year shall be an  
24 amount equal to—



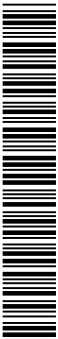
1 “(I) the number of children who  
2 had not attained 18 years of age by  
3 the end of the then most recently  
4 completed calendar year and who re-  
5 sided in the State as of the end of  
6 such calendar year, divided by the  
7 number of such children who resided  
8 in the United States as of the end of  
9 such calendar year; multiplied by

10 “(II) the amount appropriated  
11 pursuant to subparagraph (F) for the  
12 fiscal year.

13 “(ii) LIMITATIONS.—

14 “(I) MINIMUM GRANT.—The  
15 amount of the grant to be made to a  
16 qualified child poverty reduction State  
17 for a fiscal year shall be not less than  
18 \$1,000,000.

19 “(II) MAXIMUM GRANT.—The  
20 amount of the grant to be made to a  
21 qualified child poverty reduction State  
22 for a fiscal year shall not exceed an  
23 amount equal to 5 percent of the  
24 State family assistance grant for the  
25 fiscal year.



1           “(iii) PRO RATA INCREASE.—If the  
2           amount available for grants under this  
3           paragraph for a fiscal year is greater than  
4           the total amount of payments otherwise re-  
5           quired to be made under this paragraph  
6           for the fiscal year, then the amount other-  
7           wise payable to any State for the fiscal  
8           year under this paragraph shall, subject to  
9           clause (ii)(II), be increased by such equal  
10          percentage as may be necessary to ensure  
11          that the total of the amounts payable for  
12          the fiscal year under this paragraph equals  
13          the amount available for the grants.

14          “(iv) PRO RATA REDUCTION.—If the  
15          amount available for grants under this  
16          paragraph for a fiscal year is less than the  
17          total amount of payments otherwise re-  
18          quired to be made under this paragraph  
19          for the fiscal year, then the amount other-  
20          wise payable to any State for the fiscal  
21          year under this paragraph shall, subject to  
22          clause (ii)(I), be reduced by such equal  
23          percentage as may be necessary to ensure  
24          that the total of the amounts payable for



1 the fiscal year under this paragraph equals  
2 the amount available for the grants.

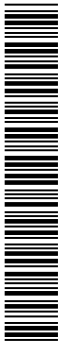
3 “(C) USE OF GRANT.—A State to which a  
4 grant is made under this paragraph shall use  
5 the grant for any purpose for which a grant  
6 made under this part may be used.

7 “(D) DEFINITIONS.—In this paragraph:

8 “(i) QUALIFIED CHILD POVERTY RE-  
9 Duction STATE.—The term ‘qualified  
10 child poverty reduction State’ means, with  
11 respect to a fiscal year, a State if—

12 “(I) the child poverty rate  
13 achieved by the State for the then  
14 most recently completed calendar year  
15 for which such information is avail-  
16 able is less than the lowest child pov-  
17 erty rate achieved by the State during  
18 the applicable period; and

19 “(II) the average depth of child  
20 poverty in the State for the then most  
21 recently completed calendar year for  
22 which such information is available is  
23 not greater than the average depth of  
24 child poverty in the State for the cal-  
25 endar year that precedes such then



1                   most recently completed calendar  
2                   year.

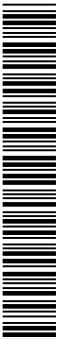
3                   “(ii) APPLICABLE PERIOD.—In clause  
4                   (i), the term ‘applicable period’ means,  
5                   with respect to a State and the calendar  
6                   year referred to in clause (i)(I), the period  
7                   that—

8                   “(I) begins with the calendar  
9                   year that, as of October 1, 2003, pre-  
10                  cedes the then most recently com-  
11                  pleted calendar year for which such  
12                  information is available; and

13                  “(II) ends with the calendar year  
14                  that precedes the calendar year re-  
15                  ferred to clause (i)(I).

16                  “(iii) CHILD POVERTY RATE.—The  
17                  term ‘child poverty rate’ means, with re-  
18                  spect to a State and a calendar year, the  
19                  percentage of children residing in the State  
20                  during the calendar year whose family in-  
21                  come for the calendar year is less than the  
22                  poverty line then applicable to the family.

23                  “(iv) AVERAGE DEPTH OF CHILD POV-  
24                  ERTY.—The term ‘average depth of child  
25                  poverty’ means with respect to a State and



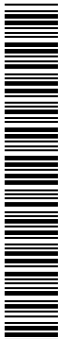
1 a calendar year, the average dollar amount  
2 by which family income is exceeded by the  
3 poverty line, among children in the State  
4 whose family income for the calendar year  
5 is less than the applicable poverty line.

6 “(v) POVERTY LINE.—The term ‘pov-  
7 erty line’ has the meaning given the term  
8 in section 673(2) of the Omnibus Budget  
9 Reconciliation Act of 1981, including any  
10 revision required by such section applicable  
11 to a family of the size involved.

12 “(E) FAMILY INCOME DETERMINATIONS.—  
13 For purposes of this paragraph, family income  
14 includes cash income, child support payments,  
15 government cash payments, and benefits under  
16 the Food Stamp Act of 1977 that are received  
17 by any family member, and family income shall  
18 be determined after payment of all taxes and  
19 receipt of any tax refund or rebate by any fam-  
20 ily member.

21 “(F) APPROPRIATIONS.—

22 “(i) IN GENERAL.—Out of any money  
23 in the Treasury of the United States not  
24 otherwise appropriated, there are appro-  
25 priated for each of fiscal years 2004





1 through 2008 \$150,000,000 for grants  
2 under this paragraph.

3 “(ii) AVAILABILITY.—Amounts made  
4 available under clause (i) shall remain  
5 available until expended.”.

6 **SEC. 203. REVIEW AND CONCILIATION PROCESS.**

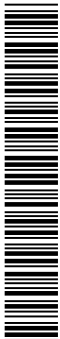
7 (a) REQUIREMENT.—Section 408(a) (42 U.S.C.  
8 608(a)) is amended by adding at the end the following:

9 “(12) REVIEW AND CONCILIATION PROCESS RE-  
10 QUIREMENTS.—A State to which a grant is made  
11 under section 403 shall not impose a sanction  
12 against a person under the State program funded  
13 under this part, unless the State—

14 “(A) has attempted at least twice (using at  
15 least 2 different methods) to notify the person  
16 of the impending imposition of the sanction, the  
17 reason for the proposed sanction, the amount of  
18 the sanction, the length of time during which  
19 the proposed sanction would be in effect, and  
20 the steps required to come into compliance or to  
21 show good cause for noncompliance;

22 “(B) has afforded the person an  
23 opportunity—

24 “(i) to meet with the caseworker in-  
25 volved or another individual who has au-



1           thority to determine whether to impose the  
2           sanction; and

3           “(ii) to explain why the person did not  
4           comply with the requirement on the basis  
5           of which the sanction is to be imposed;

6           “(C) has considered and taken any such  
7           explanation into account in determining to im-  
8           pose the sanction;

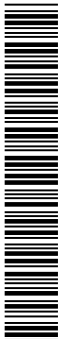
9           “(D) has specifically considered whether  
10          certain conditions exist, such as a physical or  
11          mental impairment, domestic violence, or lim-  
12          ited proficiency in English, that contributed to  
13          the noncompliance of the person; and

14          “(E) in determining whether to impose the  
15          sanction, has used screening tools developed in  
16          consultation with individuals or groups with ex-  
17          pertise in matters described in subparagraph  
18          (D).”.

19          (b) PENALTY.—Section 409(a) (42 U.S.C. 609(a)) is  
20          amended by adding at the end the following:

21                 “(15) PENALTY FOR FAILURE OF STATE TO  
22                 USE REVIEW AND CONCILIATION PROCESS.—

23                 “(A) IN GENERAL.—If the Secretary deter-  
24                 mines that a State to which a grant is made  
25                 under section 403 for a fiscal year has violated



1 section 408(a)(12) during the fiscal year, the  
2 Secretary shall reduce the grant payable to the  
3 State under section 403(a)(1) for the imme-  
4 diately succeeding fiscal year by an amount  
5 equal to 5 percent of the State family assist-  
6 ance grant.

7 “(B) PENALTY BASED ON SEVERITY OF  
8 FAILURE.—The Secretary shall impose reduc-  
9 tions under subparagraph (A) with respect to a  
10 fiscal year based on the degree of noncompli-  
11 ance.”.

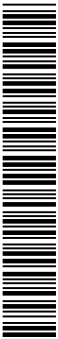
12 **SEC. 204. REPLACEMENT OF CASELOAD REDUCTION CRED-**  
13 **IT WITH EMPLOYMENT CREDIT.**

14 (a) EMPLOYMENT CREDIT TO REWARD STATES IN  
15 WHICH FAMILIES LEAVE WELFARE FOR WORK; ADDI-  
16 TIONAL CREDIT FOR FAMILIES WITH HIGHER EARN-  
17 INGS.—

18 (1) IN GENERAL.—Section 407(b) (42 U.S.C.  
19 607(b)), as amended by section 503 of this Act, is  
20 amended by adding at the end the following:

21 “(5) EMPLOYMENT CREDIT.—

22 “(A) IN GENERAL.—The participation  
23 rate, determined under paragraph (1), of a  
24 State for a fiscal year shall be increased by the  
25 lesser of—



1 “(i) the number of percentage points  
2 (if any) of the employment credit for the  
3 State for the fiscal year; or

4 “(ii) the number of percentage points  
5 (if any) by which the participation rate, so  
6 determined, is less than 99 percent.

7 “(B) CALCULATION OF CREDIT.—

8 “(i) IN GENERAL.—The employment  
9 credit for a State for a fiscal year is an  
10 amount equal to—

11 “(I) twice the average quarterly  
12 number of families with an adult that  
13 ceased to receive assistance under the  
14 State program funded under this part  
15 during the preceding fiscal year (but  
16 only if the adult did not receive such  
17 assistance for at least 2 months after  
18 the cessation) and that was employed  
19 during the calendar quarter imme-  
20 diately succeeding the quarter in  
21 which the payments ceased; divided by

22 “(II) the average monthly num-  
23 ber of families that include an adult  
24 who received cash payments under the



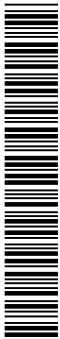
1 State program funded under this part  
2 during the preceding fiscal year.

3 “(ii) SPECIAL RULE FOR FORMER RE-  
4 CIPIENTS WITH HIGHER EARNINGS.—In  
5 calculating the employment credit for a  
6 State for a fiscal year, a family that, in the  
7 quarter in which the wage was examined,  
8 earned at least 42 percent of the average  
9 quarterly wage in the State (determined on  
10 the basis of State unemployment data)  
11 shall be considered to be 1.5 families.

12 “(C) REGULATIONS.—The Secretary may  
13 prescribe such regulations as may be necessary  
14 to carry out this paragraph.

15 “(D) REPORTS ON AMOUNT OF CREDIT.—  
16 Not later than 6 months after the end of each  
17 calendar quarter, the Secretary shall report to  
18 the Congress and each State the amount of the  
19 employment credit for the State for the quarter.  
20 The Secretary may carry out this subparagraph  
21 using funds made available under this part for  
22 research.”.

23 (2) AUTHORITY OF SECRETARY TO USE INFOR-  
24 MATION IN NATIONAL DIRECTORY OF NEW HIRES.—



1 Section 453(i) (42 U.S.C. 653(i)) is amended by  
2 adding at the end the following:

3 “(5) CALCULATION OF EMPLOYMENT CREDIT  
4 FOR PURPOSES OF DETERMINING STATE WORK PAR-  
5 TICIPATION RATES UNDER TANF.—The Secretary  
6 may use the information in the National Directory  
7 of New Hires for purposes of calculating State em-  
8 ployment credits pursuant to section 407(b)(5).”.

9 (3) ELIMINATION OF CASELOAD REDUCTION  
10 CREDIT.—

11 (A) IN GENERAL.—Section 407(b) (42  
12 U.S.C. 607(b)) is amended by striking para-  
13 graph (2) and redesignating paragraphs (3)  
14 through (5) as paragraphs (2) through (4), re-  
15 spectively.

16 (B) CONFORMING AMENDMENT.—Section  
17 453(i)(5) (42 U.S.C. 653(i)(5)), as added by  
18 paragraph (2) of this subsection, is amended by  
19 striking “407(b)(5)” and inserting “407(b)(4)”.

20 **SEC. 205. STATES TO RECEIVE PARTIAL CREDIT TOWARD**  
21 **WORK PARTICIPATION RATE FOR RECIPI-**  
22 **ENTS ENGAGED IN PART-TIME WORK.**

23 Section 407(c)(1)(A) (42 U.S.C. 607(c)(1)(A)), as  
24 amended by section 307 of this Act, is amended by adding  
25 at the end the following flush sentence:



1           “For purposes of subsection (b)(1)(B)(i), a  
2           family that does not include a recipient who is  
3           participating in work activities for an average  
4           of 30 hours per week during a month but in-  
5           cludes a recipient who is participating in such  
6           activities during the month for an average of at  
7           least 50 percent of the minimum average num-  
8           ber of hours per week specified for the month  
9           in the table set forth in this subparagraph shall  
10          be counted as a percentage of a family that in-  
11          cludes an adult or minor child head of house-  
12          hold who is engaged in work for the month,  
13          which percentage shall be the number of hours  
14          for which the recipient participated in such ac-  
15          tivities during the month divided by the number  
16          of hours of such participation required of the  
17          recipient under this section for the month.”.

18 **SEC. 206. TANF RECIPIENTS WHO QUALIFY FOR SUPPLE-**  
19 **MENTAL SECURITY INCOME BENEFITS RE-**  
20 **MOVED FROM WORK PARTICIPATION RATE**  
21 **CALCULATION FOR ENTIRE YEAR.**

22          Section 407(b)(1)(B)(ii) (42 U.S.C. 607(b)(1)(B)(ii))  
23 is amended—

24               (1) in subclause (I), by inserting “who has not  
25          become eligible for supplemental security income



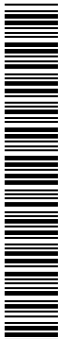
1       benefits under title XVI during the fiscal year” be-  
2       fore the semicolon; and

3               (2) in subclause (II), by inserting “, and that  
4       do not include an adult or minor child head of  
5       household who has become eligible for supplemental  
6       security income benefits under title XVI during the  
7       fiscal year” before the period.

8   **SEC. 207. EFFECTIVE DATE.**

9       (a) IN GENERAL.—Except as provided in subsection  
10   (b), the amendments made by sections 204 through 206  
11   shall take effect on October 1, 2004.

12       (b) STATE OPTION TO PHASE-IN REPLACEMENT OF  
13   CASELOAD REDUCTION CREDIT WITH EMPLOYMENT  
14   CREDIT AND DELAY APPLICABILITY OF OTHER PROVI-  
15   SIONS.—A State may elect to have the amendments made  
16   by sections 204(b), 205, and 206 of this Act not apply  
17   to the State program funded under part A of title IV of  
18   the Social Security Act until October 1, 2005, and if the  
19   State makes the election, then, in determining the partici-  
20   pation rate of the State for purposes of sections 407 and  
21   409(a)(3) of the Social Security Act for fiscal year 2005,  
22   the State shall be credited with  $\frac{1}{2}$  of the reduction in the  
23   rate that would otherwise result from applying section  
24   407(b)(5) of the Social Security Act (as added by section  
25   204(a)(1) of this Act) to the State for fiscal year 2005





1 and 1/2 of the reduction in the rate that would otherwise  
2 result from applying section 407(b)(2) of such Act (as so  
3 redesignated by section 503(2)(D) of this Act) to the State  
4 for fiscal year 2005.

5 **TITLE III—REQUIRING AND**  
6 **REWARDING WORK**

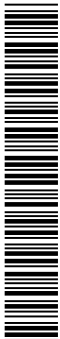
7 **SEC. 301. EFFECT OF WAGE SUBSIDIES ON 5-YEAR LIMIT.**

8 Section 408(a)(7) (42 U.S.C. 608(a)(7)) is amended  
9 by adding at the end the following:

10 “(H) LIMITATION ON MEANING OF ‘AS-  
11 SISTANCE’ FOR FAMILIES WITH INCOME FROM  
12 EMPLOYMENT.—For purposes of this para-  
13 graph, at the option of the State, a benefit or  
14 service provided to a family during a month  
15 under the State program funded under this  
16 part shall not be considered assistance under  
17 the program if—

18 “(i) during the month, the family in-  
19 cludes an adult or a minor child head of  
20 household who has received at least such  
21 amount of income from employment as the  
22 State may establish; and

23 “(ii) the average weekly earned in-  
24 come of the family for the month is at  
25 least \$100.”.



1 **SEC. 302. CHILD CARE.**

2 (a) INCREASE IN ENTITLEMENT FUNDING.—

3 (1) IN GENERAL.—Section 418(a) (42 U.S.C.  
4 618(a)) is amended—

5 (A) in paragraph (1), in the matter pre-  
6 ceding subparagraph (A), by inserting “and  
7 paragraph (6)” after “paragraph (3)”;

8 (B) in paragraph (3)—

9 (i) by striking “and” at the end of  
10 subparagraph (E);

11 (ii) in subparagraph (F), by striking  
12 “fiscal year 2002.” and inserting “each of  
13 fiscal years 2002 through 2006; and”; and

14 (iii) by adding at the end the fol-  
15 lowing:

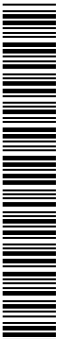
16 “(G) \$3,217,000,000 for fiscal year 2007;  
17 and

18 “(H) \$3,717,000,000 for fiscal year  
19 2008.”;

20 (C) by striking paragraph (4) and insert-  
21 ing the following:

22 “(4) AMOUNTS RESERVED FOR INDIAN  
23 TRIBES.—

24 “(A) IN GENERAL.—The Secretary shall  
25 reserve 2 percent of the aggregate amount ap-  
26 propriated under paragraphs (3) and (5) for



1 each fiscal year for payments to Indian tribes  
2 and tribal organizations for each such fiscal  
3 year for the purpose of providing child care as-  
4 sistance.

5 “(B) USE OF FUNDS; APPLICATION OF  
6 CHILD CARE AND DEVELOPMENT BLOCK GRANT  
7 ACT OF 1990.—Subsections (b) and (c) shall  
8 apply to amounts received under this paragraph  
9 in the same manner as such subsections apply  
10 to amounts received by a State under this sec-  
11 tion.”;

12 (D) by redesignating paragraph (5) as  
13 paragraph (7); and

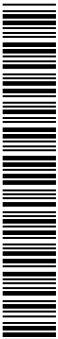
14 (E) by inserting after paragraph (4) the  
15 following:

16 “(5) ADDITIONAL GENERAL ENTITLEMENT  
17 GRANTS.—

18 “(A) APPROPRIATION.—In addition to  
19 amounts appropriated under paragraph (3) for  
20 any fiscal year, there are appropriated for addi-  
21 tional grants under paragraph (1)—

22 “(i) \$1,250,000,000 for fiscal year  
23 2004;

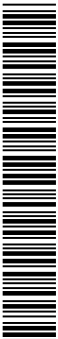
24 “(ii) \$1,750,000,000 for fiscal year  
25 2005; and



1                   “(iii) \$2,250,000,000 for each of fis-  
2                   cal years 2006 through 2008.

3                   “(B) ADDITIONAL GRANT.—In addition to  
4                   the grant paid to a State under paragraph (1)  
5                   for each of fiscal years 2003 through 2007, of  
6                   the amount available for additional grants  
7                   under subparagraph (A) for a fiscal year, the  
8                   Secretary shall pay the State an amount equal  
9                   to the same proportion of such available  
10                  amount as the proportion of the State’s grant  
11                  under paragraph (1) bears to the amount ap-  
12                  propriated under paragraph (3) for the fiscal  
13                  year.

14                  “(6) REQUIREMENT FOR GRANT INCREASE.—  
15                  Notwithstanding paragraphs (1), (2), and (5), the  
16                  aggregate of the amounts paid to a State under this  
17                  section for each of fiscal years 2003 through 2008  
18                  may not exceed the aggregate of the amounts paid  
19                  to the State under this section for fiscal year 2002,  
20                  unless the State ensures that the level of State ex-  
21                  penditures for child care for the fiscal year is not  
22                  less than the level of State expenditures for child  
23                  care that were matched under a grant made to the  
24                  State under paragraph (2); and that the State ex-



1       pended to meet its maintenance of effort obligation  
2       under paragraph (2) for fiscal year 2002.”.

3           (2)     CONFORMING     AMENDMENT.—Section  
4       1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by  
5       striking “or 413(f)” and inserting “413(f), or  
6       418(a)(4)(B)”.

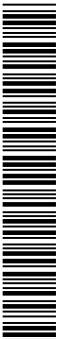
7       (b) AMENDMENTS TO THE CHILD CARE AND DEVEL-  
8       OPMENT BLOCK GRANT ACT OF 1990.—

9           (1)     AUTHORIZATION   OF   APPROPRIATIONS.—  
10       Section 658B of the Child Care and Development  
11       Block Grant Act of 1990 (42 U.S.C. 9858) is  
12       amended to read as follows:

13   **“SEC.   658B.   AUTHORIZATION   OF   APPROPRIATIONS;**  
14                   **AMOUNTS   AVAILABLE   FOR   INCENTIVE**  
15                   **GRANTS   TO   IMPROVE   QUALITY   OF   CHILD**  
16                   **CARE SERVICES.**

17       “(a) AUTHORIZATION OF APPROPRIATIONS.—There  
18       are authorized to be appropriated to carry out this sub-  
19       chapter \$2,350,000,000 for fiscal year 2004 and such  
20       sums as may be necessary for fiscal years 2005 through  
21       2008.

22       “(b) AMOUNTS AVAILABLE FOR INCENTIVE GRANTS  
23       TO IMPROVE QUALITY OF CHILD CARE SERVICES.—Of  
24       the amount made available to carry out this subchapter,



1 \$500,000,000 shall be used for each of the fiscal years  
2 2004 through 2008 to make grants under section 658H.”.

3 (2) STATE PLAN REQUIREMENTS.—Section  
4 658E(c)(2) of the Child Care and Development  
5 Block Grant Act of 1990 (42 U.S.C. 9858e(c)(2)) is  
6 amended—

7 (A) in subparagraph (A)—

8 (i) in clause (ii) by striking “and” at  
9 the end;

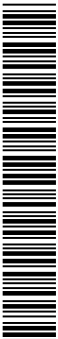
10 (ii) in clause (iii) by adding “and” at  
11 the end; and

12 (iii) by inserting after clause (iii) the  
13 following:

14 “(iv) in order to help ensure that par-  
15 ents have the freedom to choose quality  
16 center-based child care services, the State  
17 shall make significant effort to develop  
18 contracts with accredited child care pro-  
19 viders in low-income and rural commu-  
20 nities;”;

21 (B) by amending subparagraph (D) to  
22 read as follows:

23 “(D) CONSUMER EDUCATION INFORMA-  
24 TION.—Certify that the State will collect and  
25 disseminate to parents of eligible children and



1 the general public, consumer education informa-  
2 tion that will promote informed child care  
3 choices, and describe how the State will inform  
4 parents receiving assistance under a State pro-  
5 gram funded under part A of title IV of the So-  
6 cial Security Act (42 U.S.C. 601 et seq.) and  
7 other low-income parents about eligibility for  
8 assistance under this subchapter.”;

9 (C) by amending subparagraph (H) to  
10 read as follows:

11 “(H) MEETING THE NEEDS OF CERTAIN  
12 POPULATIONS.—Demonstrate the manner in  
13 which the State will meet the specific child care  
14 needs of families who are receiving assistance  
15 under a State program under part A of title IV  
16 of the Social Security Act, families who are at-  
17 tempting through work activities to transition  
18 off of such assistance program, families with  
19 children with disabilities and other special  
20 needs, low-income families not receiving cash  
21 assistance under a State program under part A  
22 of title IV of the Social Security Act, and fami-  
23 lies that are at risk of becoming dependent on  
24 such assistance.”; and

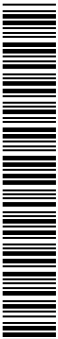
25 (D) by adding at the end the following:



1           “(I) AVAILABILITY OF STAFF.—Describe  
2           how the State will ensure that staff from the  
3           lead agency described in section 658D will be  
4           available, at the offices of the State program  
5           funded under part A of title IV of the Social  
6           Security Act, to provide information about eligi-  
7           bility for assistance under this subchapter and  
8           to assist individuals in applying for such assist-  
9           ance.

10           “(J) ELIGIBILITY REDETERMINATION.—  
11           Demonstrate that each child that receives as-  
12           sistance under this subchapter in the State will  
13           receive such assistance for not less than 1 year  
14           before the State redetermines the eligibility of  
15           the child under this subchapter.

16           “(K) SUPPLEMENT NOT SUPPLANT.—Pro-  
17           vide assurances that the amounts paid to a  
18           State under this subchapter shall be used to  
19           supplement and not supplant other State or  
20           local funds expended or otherwise available to  
21           support payments for child care assistance and  
22           to increase the quality of available child care for  
23           eligible families under this subchapter.”.





1           (3) PAYMENT RATES.—Section 658E(c)(4)(A)  
2           of the Child Care and Development Block Grant Act  
3           of 1990 (42 U.S.C. 9858c(c)(4)(A)) is amended—

4                   (A) by striking “such access” and inserting  
5                   “equal access to comparable quality and types  
6                   of services”; and

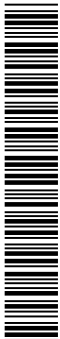
7                   (B) by adding at the end the following:

8                           “(i) Market rate surveys (that reflect  
9                           variations in the cost of child care services  
10                           by locality) shall be conducted by the State  
11                           not less often than at 2-year intervals, and  
12                           the results of such surveys shall be used to  
13                           implement payment rates that ensure equal  
14                           access to comparable services as required  
15                           by this subparagraph.

16                           “(ii) Payment rates shall be adjusted  
17                           at intervals between such surveys to reflect  
18                           increases in the cost of living, in such  
19                           manner as the Secretary may specify.

20                           “(iii) Payment rates shall reflect vari-  
21                           ations in the cost of providing child care  
22                           services for children of different ages and  
23                           providing different types of care.”.

24           (4) CHILD CARE ACCOUNTABILITY IMPROVE-  
25           MENTS.—Section 658G of the Child Care and Devel-



1        opment Block Grant Act of 1990 (42 U.S.C. 9858e)  
2        is amended to read as follows:

3 "SEC. 658G. CHILD CARE ACCOUNTABILITY IMPROVE-  
4 MENTS.

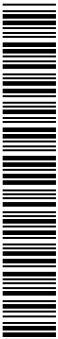
5           “(a) ACTIVITIES TO IMPROVE THE QUALITY OF  
6 CHILD CARE.—A State that receives funds to carry out  
7 this subchapter shall reserve and use not less than 12 per-  
8 cent of the funds for improvements in the quality of child  
9 care services provided in the State and in political subdivi-  
10 sions of the State.

“(1) Not less than 35 percent of the funds reserved under this subsection shall be used for activities that are designed to increase the quality and supply of child care services for children from birth through 3 years of age.

16           “(2) Funds reserved under this subsection shall  
17           be used for 1 or more activities consisting of—

18 “(A) providing for the development, estab-  
19 lishment, expansion, operation, and coordina-  
20 tion of, child care resource and referral services;

“(B) making grants or providing loans to eligible child care providers to assist the providers in meeting applicable State and local child care standards and recognized accreditation standards;



1           “(C) improving the ability of State or local  
2 government, as applicable, to monitor compli-  
3 ance with, and to enforce, State and local li-  
4 censing and regulatory requirements (including  
5 registration requirements) applicable to child  
6 care providers;

7           “(D) providing training and technical as-  
8 sistance in areas relating to the provision of  
9 child care services, such as training relating to  
10 promotion of health and safety, promotion of  
11 good nutrition, provision of first aid, recogni-  
12 tion of communicable diseases, child abuse de-  
13 tection and prevention, and care of children  
14 with disabilities and other special needs;

15           “(E) improving salaries and other com-  
16 pensation paid to full-time and part-time staff  
17 who provide child care services for which assist-  
18 ance is made available under this subchapter;

19           “(F) making grants or providing financial  
20 assistance to eligible child care providers for  
21 training in child development and early edu-  
22 cation;

23           “(G) making grants or providing financial  
24 assistance to eligible child care providers to



1 support delivery of early education and child de-  
2 velopment activities;

3 “(H) making grants or providing financial  
4 assistance to eligible child care providers to  
5 make minor renovations to such providers’  
6 physical environments that enhance the quality  
7 of the child care services they provide;

8 “(I) improving and expanding the supply  
9 of child care services for children with disabil-  
10 ities and other special needs;

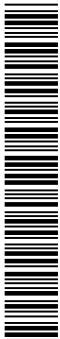
11 “(J) increasing the supply of high quality  
12 inclusive child care for children with and with-  
13 out disabilities and other special needs;

14 “(K) supporting the system described in  
15 paragraph (2);

16 “(L) providing technical assistance to fam-  
17 ily child care providers and center-based child  
18 care providers to enable them to provide appro-  
19 priate child care services for children with dis-  
20 abilities; and

21 “(M) other activities that can be dem-  
22 onstrated to increase the quality of child care  
23 services and parental choice.”.

24 “(b) CHILD CARE RESOURCE AND REFERRAL SYS-  
25 TEM.—The State shall use a portion of the funds reserved



1 under subsection (a) to support a system of local child  
2 care resource and referral organizations coordinated by a  
3 statewide, nonprofit, community-based child care resource  
4 and referral organization. The local child care resource  
5 and referral system shall—

6 “(1) provide parents in the State with informa-  
7 tion and support concerning child care options in  
8 their communities;

9 “(2) collect and analyze data on the supply of  
10 and demand for child care in political subdivisions  
11 within the State;

12 “(3) develop links with the business community  
13 or other organizations involved in providing child  
14 care services;

15 “(4) increase the supply and improve the qual-  
16 ity of child care in the State and in political subdivi-  
17 sions in the State;

18 “(5) provide (or facilitate the provision of) spe-  
19 cialists in health, mental health consultation, early  
20 literacy services for children with disabilities and  
21 other special needs, and infant and toddler care, to  
22 support or supplement community child care pro-  
23 viders;

24 “(6) provide training or facilitate connections  
25 for training to community child care providers; or



1           “(7) hire disability specialists, and provide  
2           training and technical assistance to child care pro-  
3           viders, to effectively meet the needs of children with  
4           disabilities.

5           (5) INCENTIVE GRANTS TO STATES.—The Child  
6           Care and Development Block Grant Act of 1990 (42  
7           U.S.C. 9858 et seq.) is amended by inserting after  
8           section 658G the following:

9   **“SEC. 658H. INCENTIVE GRANTS TO STATES.**

10          “(a) AUTHORITY.—

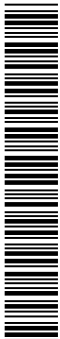
11               “(1) IN GENERAL.—The Secretary shall use the  
12               amount made available under section 658B(b) for a  
13               fiscal year to make grants to eligible States in ac-  
14               cordance with this section.

15               “(2) ANNUAL PAYMENTS.—The Secretary shall  
16               make an annual payment for such a grant to each  
17               eligible State out of the allotment for that State de-  
18               termined under subsection (c).

19          “(b) ELIGIBLE STATES.—

20               “(1) IN GENERAL.—In this section, the term  
21               ‘eligible State’ means a State that—

22                       “(A) has conducted a survey of the market  
23                       rates for child care services in the State within  
24                       the 2 years preceding the date of the submis-  
25                       sion of an application under paragraph (2); and



1 “(B) submits an application in accordance  
2 with paragraph (2).

3 “(2) APPLICATION.—

4 “(A) IN GENERAL.—To be eligible to re-  
5 ceive a grant under this section, a State shall  
6 submit an application to the Secretary at such  
7 time, in such manner, and accompanied by such  
8 information, in addition to the information re-  
9 quired under subparagraph (B), as the Sec-  
10 retary may require.

11 “(B) INFORMATION REQUIRED.—Each ap-  
12 plication submitted for a grant under this sec-  
13 tion shall—

14 “(i) detail the methodology and re-  
15 sults of the State market rates survey con-  
16 ducted pursuant to paragraph (1)(A);

17 “(ii) describe the State’s plan to in-  
18 crease payment rates from the initial base-  
19 line determined under clause (i);

20 “(iii) describe how the State will in-  
21 crease payment rates in accordance with  
22 the market survey results, for all types of  
23 child care providers who provide services  
24 for which assistance is made available  
25 under this subchapter;



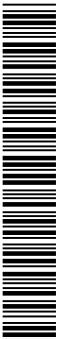
1 “(iv) describe how rates are set to re-  
2 flect the variations in the cost of providing  
3 care for children of different ages, different  
4 types of care, and in different localities in  
5 the State; and

6 “(v) describe how the State will  
7 prioritize increasing payment rates for care  
8 of higher-than-average quality, such as  
9 care by accredited providers, care that in-  
10 cludes the provision of comprehensive serv-  
11 ices, care provided at nonstandard hours,  
12 care for children with disabilities and other  
13 special needs, care in low-income and rural  
14 communities, and care of a type that is in  
15 short supply.

16 “(3) CONTINUING ELIGIBILITY REQUIRE-  
17 MENT.—The Secretary may make an annual pay-  
18 ment under this section to an eligible State only if—

19 “(A) the Secretary determines that the  
20 State has made progress, through the activities  
21 assisted under this subchapter, in maintaining  
22 increased payment rates; and

23 “(B) at least once every 2 years, the State  
24 conducts an update of the survey described in  
25 paragraph (1)(A).





1           “(4) REQUIREMENT OF MATCHING FUNDS.—

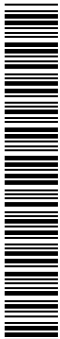
2                   “(A) IN GENERAL.—To be eligible to re-  
3           ceive a grant under this section, the State shall  
4           agree to make available State contributions  
5           from State sources toward the costs of the ac-  
6           tivities to be carried out by a State pursuant to  
7           subsection (d) in an amount that is not less  
8           than 20 percent of such costs.

9                   “(B) DETERMINATION OF STATE CON-  
10           TRIBUTIONS.—State contributions shall be in  
11           cash. Amounts provided by the Federal Govern-  
12           ment may not be included in determining the  
13           amount of such State contributions.

14           “(c) ALLOTMENTS TO ELIGIBLE STATES.—The  
15           amount made available under section 658B(b) for a fiscal  
16           year shall be allotted among the eligible States in the same  
17           manner as amounts are allotted under section 658O(b).

18           “(d) USE OF FUNDS.—An eligible State that receives  
19           a grant under this section shall use the funds received to  
20           significantly increase the payment rate for the provision  
21           of child care assistance in accordance with this subchapter  
22           up to the 150th percentile of the market rate survey de-  
23           scribed in subsection (b)(1)(A).

24           “(e) EVALUATIONS AND REPORTS.—



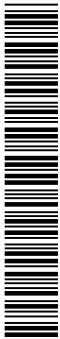
1           “(1) STATE EVALUATIONS.—Each eligible State  
2           shall submit to the Secretary, at such time and in  
3           such form and manner as the Secretary may require,  
4           information regarding the State’s efforts to increase  
5           payment rates and the impact increased rates are  
6           having on the quality of, and accessibility to, child  
7           care in the State.

8           “(2) REPORTS TO CONGRESS.—The Secretary  
9           shall submit biennial reports to Congress on the in-  
10          formation described in paragraph (1). Such reports  
11          shall include data from the applications submitted  
12          under subsection (b)(2) as a baseline for deter-  
13          mining the progress of each eligible State in main-  
14          taining increased payment rates.

15          “(f) PAYMENT RATE.—In this section, the term ‘pay-  
16          ment rate’ means the rate of reimbursement to providers  
17          for subsidized child care.”.

18                 (6) ADMINISTRATION, ENFORCEMENT, AND  
19          EVALUATION.—Section 658I of the Child Care and  
20          Development Block Grant Act of 1990 (42 U.S.C.  
21          9858g) is amended—

22                         (A) in the heading by striking “**AND EN-**  
23                         **FORCEMENT**” and inserting “**, ENFORCE-**  
24                         **MENT, AND EVALUATION**”;



1 (B) in subsection (a)(3) by inserting before  
2 the period at the end “and including the estab-  
3 lishment of a national training and technical as-  
4 sistance center specializing in infant and tod-  
5 dler care and their families”; and

6 (C) by adding at the end the following:

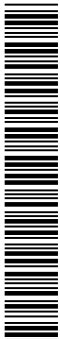
7 “(c) FEDERAL ADMINISTRATION AND EVALUATION  
8 ACTIVITIES.—The Secretary shall—

9 “(1) establish a national data system through  
10 grants, contracts or cooperative agreements to de-  
11 velop statistics on the supply of, demand for, and  
12 quality of child care, early education, and non-  
13 school-hours programs, including use of data col-  
14 lected through child care resource and referral orga-  
15 nizations at the national, State, and local levels; and

16 “(2) prepare and submit to Congress an annual  
17 report on the supply of, demand for, and quality of  
18 child care, early education, and non-school-hours  
19 programs, using data collected through State and  
20 local child care resource and referral organizations  
21 and other sources.”.

22 (7) REPORTS.—Section 658K(a) of the Child  
23 Care and Development Block Grant Act of 1990 (42  
24 U.S.C. 9858i(a)) is amended—

25 (A) in paragraph (1)(B)—



1 (i) in clause (ix) by striking “and” at  
2 the end;

3 (ii) in clause (x) by adding “and” at  
4 the end; and

5 (iii) by inserting after clause (x) the  
6 following:

7 “(xi) whether the child care provider  
8 is accredited by a national or State accred-  
9 iting body;”; and  
10 (B) in paragraph (2)—

11 (i) in the matter preceding subpara-  
12 graph (A) by striking “aggregate data con-  
13 cerning”;

14 (ii) in subparagraph (D) by striking  
15 “and” at the end;

16 (iii) in subparagraph (E) by adding  
17 “and” at the end; and

18 (iv) by indenting the left margin of  
19 subparagraphs (A) through (E) 2 ems to  
20 the right and redesignating such subpara-  
21 graphs as clauses (i) through (v), respec-  
22 tively;

23 (v) by inserting after clause (v), as so  
24 redesignated, the following:



1 “(vi) findings from market rate sur-  
2 veys, disaggregated by the types of services  
3 provided and by the sub-State localities, as  
4 appropriate;”; and

5 (vi) by inserting before clause (i), as  
6 so redesignated, the following:

7 “(A) information on how all of the funds  
8 reserved under section 658G were allocated and  
9 spent, and information on the effect of those  
10 expenditures, to the maximum extent prac-  
11 ticable; and

12 “(B) aggregate data concerning—”.

13 (8) DEFINITIONS.—Section 658P(4)(C) of the  
14 Child Care and Development Block Grant Act of  
15 1990 (42 U.S.C. 9858n(4)(C)) is amended—

16 (A) in clause (i) by striking “or” at the  
17 end;

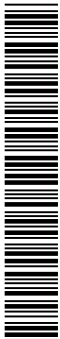
18 (B) in clause (ii) by striking the period  
19 and inserting “; or”; and

20 (C) by adding at the end the following:

21 “(iii) is a foster child.”.

22 (9) CONFORMING AMENDMENTS.—The Child  
23 Care and Development Block Grant Act of 1990 (42  
24 U.S.C. 9858 et seq.) is amended—

25 (A) in section 658E(c)(3)—



1 (i) in subparagraph (B) by striking  
2 “through (5) of section 658A(b)” and in-  
3 serting “through (6) of section 658A(c)”;  
4 and

5 (ii) in subparagraph (D) by striking  
6 “1997 through 2002” and inserting “2004  
7 through 2008”;

8 (B) in section 658K(a)(2) by striking  
9 “1997” and inserting “2003”; and

10 (C) in section 658L—

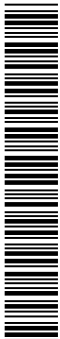
11 (i) by striking “July 31, 1998” and  
12 inserting “October 1, 2005”;

13 (ii) by striking “Economic and Edu-  
14 cational Opportunities” and inserting  
15 “Education and the Workforce”; and

16 (iii) by striking “Labor and Human  
17 Resources” and inserting “Health, Edu-  
18 cation, Labor, and Pensions”.

19 (c) APPLICABILITY OF STATE OR LOCAL HEALTH  
20 AND SAFETY STANDARDS TO OTHER TANF CHILD CARE  
21 SPENDING.—Section 402(a) (42 U.S.C. 602(a)) is amend-  
22 ed by adding at the end the following:

23 “(8) CERTIFICATION OF PROCEDURES TO EN-  
24 SURE THAT CHILD CARE PROVIDERS COMPLY WITH  
25 APPLICABLE STATE OR LOCAL HEALTH AND SAFETY



1 STANDARDS.—A certification by the chief executive  
2 officer of the State that procedures are in effect to  
3 ensure that any child care provider in the State that  
4 provides services for which assistance is provided  
5 under the State program funded under this part  
6 complies with all applicable State or local health and  
7 safety requirements as described in section  
8 658E(c)(2)(F) of the Child Care and Development  
9 Block Grant Act of 1990.”.

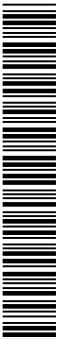
10 (d) AVAILABILITY OF CHILD CARE FOR PARENTS  
11 REQUIRED TO WORK.—Section 407(e)(2) (42 U.S.C.  
12 607(e)(2)) is amended by striking “6” and inserting “13”.

13 **SEC. 303. COMPETITIVE GRANTS TO IMPROVE ACCESS TO**  
14 **VARIOUS BENEFIT PROGRAMS.**

15 (a) PURPOSES.—The purposes of this section are  
16 to—

17 (1) inform low-income families with children  
18 about programs available to families leaving welfare  
19 and other programs to support low-income families  
20 with children;

21 (2) provide incentives to States and counties to  
22 improve and coordinate application and renewal pro-  
23 cedures for low-income family with children support  
24 programs; and



1           (3) track the extent to which low-income fami-  
2       lies with children receive the benefits and services  
3       for which they are eligible.

4       (b) DEFINITIONS.—In this section:

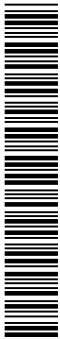
5           (1) LOCALITY.—The term locality means a mu-  
6       nicipality that does not administer a temporary as-  
7       sistance for needy families program funded under  
8       part A of title IV of the Social Security Act (42  
9       U.S.C. 601 et seq.) (in this section referred to as  
10      “TANF”).

11          (2) LOW-INCOME FAMILY WITH CHILDREN SUP-  
12      PORT PROGRAM.—The term “low-income family with  
13      children support program” means a program de-  
14      signed to provide low-income families with assistance  
15      or benefits to enable the family to become self-suffi-  
16      cient and includes—

17           (A) TANF;

18           (B) the food stamp program established  
19           under the Food Stamp Act of 1977 (7 U.S.C.  
20           2011 et seq.) (in this section referred to as  
21           “food stamps”);

22           (C) the medicaid program funded under  
23           title XIX of the Social Security Act (42 U.S.C.  
24           1396 et seq.);





1 (D) the State children's health insurance  
2 program (SCHIP) funded under title XXI of  
3 the Social Security Act (42 U.S.C. 1397aa et  
4 seq.);

5 (E) the child care program funded under  
6 the Child Care Development Block Grant Act of  
7 1990 (42 U.S.C. 9858 et seq.);

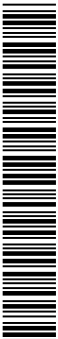
8 (F) the child support program funded  
9 under part D of title IV of the Social Security  
10 Act (42 U.S.C. 651 et seq.);

11 (G) the earned income tax credit under  
12 section 32 of the Internal Revenue Code of  
13 1986;

14 (H) the low-income home energy assistance  
15 program (LIHEAP) established under the Low-  
16 Income Home Energy Assistance Act of 1981  
17 (42 U.S.C 8621 et seq.);

18 (I) the special supplemental nutrition pro-  
19 gram for women, infants, and children (WIC)  
20 established under section 17 of the Child Nutri-  
21 tion Act of 1966 (42 U.S.C. 1786);

22 (J) programs under the Workforce Invest-  
23 ment Act of 1998 (29 U.S.C. 2801 et seq.); and



1 (K) any other Federal or State funded pro-  
2 gram designed to provide family and work sup-  
3 port to low-income families with children.

4 (3) NONPROFIT.—The term “nonprofit”, as ap-  
5 plied to a school, agency, organization, or institution  
6 means a school, agency, organization, or institution  
7 owned and operated by 1 or more nonprofit corpora-  
8 tions or associations, no part of the net earnings of  
9 which inures, or may lawfully inure, to the benefit  
10 of any private shareholder or individual.

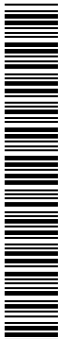
11 (4) SECRETARY.—The term “Secretary” means  
12 the Secretary of Health and Human Services.

13 (5) STATE.—The term “State” means each of  
14 the several States of the United States, the District  
15 of Columbia, the Commonwealth of Puerto Rico,  
16 American Samoa, Guam, and the United States Vir-  
17 gin Islands.

18 (c) AUTHORIZATION OF GRANTS.—

19 (1) STATES AND COUNTIES.—

20 (A) IN GENERAL.—The Secretary is au-  
21 thorized to award grants to States and counties  
22 to pay the Federal share of the costs involved  
23 in improving the administration of low-income  
24 family with children support programs, includ-  
25 ing simplifying application, recertification, re-



1           porting, and verification rules, and promoting  
2           participation in such programs.

3           (B) FEDERAL SHARE.—The Federal share  
4           shall be 80 percent.

5           (2) NONPROFITS AND LOCALITIES.—The Sec-  
6           retary is authorized to award grants to nonprofits  
7           and localities to promote participation in low-income  
8           family with children support programs, and dis-  
9           tribute information about and develop service centers  
10          for low-income family with children support pro-  
11          grams.

12          (d) GRANT APPROVAL CRITERIA.—

13           (1) IN GENERAL.—The Secretary, in consulta-  
14          tion with the Secretary of Agriculture, shall establish  
15          criteria for approval of an application for a grant  
16          under this section that include consideration of—

17           (A) the extent to which the proposal, if  
18           funded, is likely to result in improved service  
19           and higher participation rates in low-income  
20           children's support programs;

21           (B) an applicant's ability to reach hard-to-  
22           serve populations;

23           (C) the level of innovation in the appli-  
24           cant's grant proposal; and



1 (D) any partnerships between the public  
2 and private sector in the applicant's grant pro-  
3 posal.

4 (2) SEPARATE CRITERIA.—Separate criteria  
5 shall be established for the grants authorized under  
6 paragraphs (1) and (2) of subsection (c).

7 (e) USES OF FUNDS.—

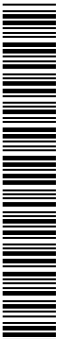
8 (1) STATES AND COUNTIES.—

9 (A) IMPROVEMENTS IN PROGRAMS.—  
10 Grants awarded to States and counties under  
11 subsection (c)(1) shall be used to—

12 (i) simplify low-income family with  
13 children support program application, re-  
14 certification, reporting, and verification  
15 rules;

16 (ii) create uniformity in eligibility cri-  
17 teria for low-income family with children  
18 support programs;

19 (iii) develop options for families to  
20 apply for low-income family with children  
21 support programs through the telephone,  
22 mail, facsimile, Internet, or electronic mail,  
23 and submit any recertifications or reports  
24 required for such families through these  
25 options;



1 (iv) co-locate eligibility workers for  
2 various low-income family with children  
3 support programs at strategically located  
4 sites;

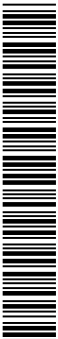
5 (v) develop or enhance one-stop serv-  
6 ice centers for low-income family with chil-  
7 dren support programs, including estab-  
8 lishing evening and weekend hours at these  
9 centers; and

10 (vi) improve training of staff in low-  
11 income families with children support pro-  
12 grams to enhance their ability to enroll eli-  
13 gible applicants in low-income family with  
14 children support programs, provide case  
15 management, and refer eligible applicants  
16 to other appropriate programs.

17 (B) CUSTOMER SURVEYS.—

18 (i) IN GENERAL.—A grant awarded to  
19 a State or county under subsection (c)(1)  
20 shall be used to carry out a customer sur-  
21 vey.

22 (ii) MODEL SURVEYS.—The customer  
23 survey under clause (i) of this subpara-  
24 graph shall be modeled after a form devel-



1           oped by the Secretary under subsection  
2           (g).

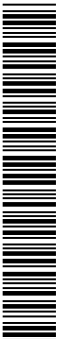
3           (iii) REPORTS TO SECRETARY.—Not  
4           later than 1 year after a State or county  
5           is awarded a grant under subsection (c)(1),  
6           and annually thereafter, the State or coun-  
7           ty shall submit a report to the Secretary  
8           detailing the results of the customer survey  
9           carried out under clause (i) of this sub-  
10          paragraph.

11          (iv) REPORTS TO PUBLIC.—A State or  
12          county receiving a grant under subsection  
13          (c)(1) and the Secretary shall make the re-  
14          port required under clause (iii) of this sub-  
15          paragraph available to the public.

16          (v) PUBLIC COMMENT.—A State or  
17          county receiving a grant under subsection  
18          (c)(1) shall accept public comments and  
19          hold public hearings on the report made  
20          available under clause (iv) of this subpara-  
21          graph.

22          (C) TRACKING SYSTEMS.—

23          (i) IN GENERAL.—A grant awarded to  
24          a State or county under subsection (c)(1)  
25          shall be used to implement a tracking sys-



1           tem to determine the level of participation  
2           in low-income family with children support  
3           programs of the eligible population.

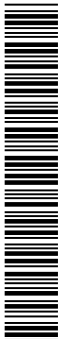
4                   (ii) REPORTS.—Not later than 1 year  
5           after a State or county is awarded a grant  
6           under subsection (c)(1), and annually  
7           thereafter, the State or county shall submit  
8           a report to the Secretary detailing the ef-  
9           fectiveness of the tracking system imple-  
10          mented under clause (i) of this subpara-  
11          graph.

12                   (D) IN-PERSON INTERVIEWS.—A State or  
13          county awarded a grant under subsection (c)(1)  
14          may expend funds made available under the  
15          grant to provide for reporting and recertifi-  
16          cation procedures through the telephone, mail,  
17          facsimile, Internet, or electronic mail.

18                   (E) JURISDICTION-WIDE IMPLEMENTA-  
19          TION.—

20                   (i) IN GENERAL.—A grant awarded to  
21          a State or county under subsection (c)(1)  
22          shall be used for activities throughout the  
23          jurisdiction.

24                   (ii) EXCEPTION.—A State or county  
25          awarded a grant under subsection (c)(1)



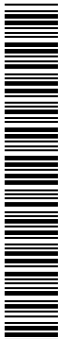
1           may use grant funds to develop one-stop  
2           service centers and telephone, mail, fac-  
3           simile, Internet, or electronic mail applica-  
4           tion and renewal procedures for low-income  
5           family with children support programs  
6           without regard to the requirements of  
7           clause (i) of this subparagraph.

8           (F) SUPPLEMENT NOT SUPPLANT.—Funds  
9           provided to a State or county under a grant  
10          awarded under subsection (c)(1) shall be used  
11          to supplement and not supplant other State or  
12          county public funds expended to provide sup-  
13          port services for low-income families.

14          (2) NONPROFITS AND LOCALITIES.—A grant  
15          awarded to a nonprofit or locality under subsection  
16          (c)(2) shall be used to—

17               (A) develop one-stop service centers for  
18               low-income family with children support pro-  
19               grams in cooperation with States and counties;  
20               or

21               (B) provide information about and refer-  
22               rals to low-income family with children support  
23               programs through the dissemination of mate-  
24               rials at strategic locations, including schools,  
25               clinics, and shopping locations.





1 (f) APPLICATION.—

2 (1) IN GENERAL.—Each applicant desiring a  
3 grant under paragraph (1) or (2) of subsection (c)  
4 shall submit an application to the Secretary at such  
5 time, in such manner, and accompanied by such in-  
6 formation as the Secretary may reasonably require.

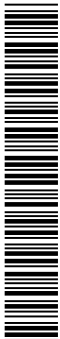
7 (2) STATES AND COUNTIES.—

8 (A) NON-FEDERAL SHARE.—Each State or  
9 county applicant shall provide assurances that  
10 the applicant will pay the non-Federal share of  
11 the activities for which a grant is sought.

12 (B) PARTNERSHIPS.—Each State or coun-  
13 ty applicant shall submit a memorandum of un-  
14 derstanding demonstrating that the applicant  
15 has entered into a partnership to coordinate its  
16 efforts under the grant with the efforts of other  
17 State and county agencies that have responsi-  
18 bility for providing low-income families with as-  
19 sistance or benefits.

20 (g) DUTIES OF THE SECRETARY.—

21 (1) SURVEY FORM.—The Secretary, in coopera-  
22 tion with other relevant agencies, shall develop a  
23 customer survey form to determine whether low-in-  
24 come families—



1 (A) encounter any impediments in applying  
2 for or renewing their participation in low-in-  
3 come family with children support programs;  
4 and

5 (B) are unaware of low-income family with  
6 children support programs for which they are  
7 eligible.

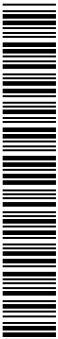
8 (2) REPORTS.—

9 (A) ANNUAL REPORTS.—Not later than 1  
10 year after the date of enactment of this Act,  
11 and annually thereafter, the Secretary shall  
12 submit a report to Congress describing the uses  
13 of grant funds awarded under this section.

14 (B) RESULTS OF TRACKING SYSTEMS AND  
15 SURVEYS.—The Secretary shall submit a report  
16 to Congress detailing the results of the tracking  
17 systems implemented and customer surveys car-  
18 ried out by States and counties under sub-  
19 section (e) as the information becomes avail-  
20 able.

21 (h) MISCELLANEOUS.—

22 (1) MATCHING FUNDS.—Matching funds re-  
23 quired from a State or county awarded a grant  
24 under subsection (c)(1) of this section may—



1 (A) include in-kind services and expendi-  
2 tures by municipalities and private entities; and

3 (B) be considered a qualified State expend-  
4 iture for purposes of determining whether the  
5 State has satisfied the maintenance of effort re-  
6 quirements of the temporary assistance for  
7 needy families program under section 409(a)(7)  
8 of the Social Security Act (42 U.S.C.  
9 609(a)(7)).

10 (2) LIMITATION ON EXPENDITURES.—Subject  
11 to paragraph (3) of this subsection, not more than  
12 20 percent of a grant awarded under subsection (c)  
13 shall be expended on customer surveys or tracking  
14 systems.

15 (3) REVERSION OF FUNDS.—Any funds not ex-  
16 pended by a grantee within 2 years after awarded a  
17 grant shall be available for redistribution among  
18 other grantees in such manner and amount as the  
19 Secretary may determine, unless the Secretary ex-  
20 tends by regulation the 2-year time period to expend  
21 funds.

22 (4) NONAPPORTIONMENT.—Notwithstanding  
23 any other provision of law, a State, county, locality,  
24 or nonprofit awarded a grant under subsection (c) is  
25 not required to apportion the costs of providing in-



1 formation about low-income family with children  
2 support programs among all low-income family with  
3 children support programs.

4 (5) ADMINISTRATIVE COSTS OF THE SEC-  
5 RETARY.—Not more than 5 percent of the funds ap-  
6 propriated to carry out this section shall be ex-  
7 pended on administrative costs of the Secretary.

8 (i) AUTHORIZATION OF APPROPRIATIONS.—There is  
9 authorized to be appropriated to carry out this section  
10 \$500,000,000 for the period of fiscal years 2004 through  
11 2008.

12 **SEC. 304. ASSESSMENTS FOR TANF RECIPIENTS.**

13 Section 408(b) (42 U.S.C. 608(b)) is amended—

14 (1) by striking paragraph (1) and inserting the  
15 following:

16 “(1) ASSESSMENT.—The State agency respon-  
17 sible for administering the State program funded  
18 under this part shall, for each recipient of assistance  
19 under the program who is a head of household,  
20 make an initial assessment of the skills, prior work  
21 experience, and circumstances related to the employ-  
22 ability of the recipient, including physical or mental  
23 impairments, proficiency in English, child care  
24 needs, and whether the recipient is a victim of do-  
25 mestic violence.”;



1 (2) in paragraph (2)(A), by striking “may de-  
2 velop” and inserting “shall develop”; and

3 (3) by striking paragraph (4).

4 **SEC. 305. APPLICABILITY OF WORKPLACE LAWS.**

5 Section 408 (42 U.S.C. 608) is amended by adding  
6 at the end the following:

7 “(h) No individual engaged in any activity funded in  
8 whole or in part by the TANF program shall be subjected  
9 to discrimination based on race, color, religion, sex, na-  
10 tional origin, age, or disability, nor shall such an indi-  
11 vidual be denied the benefits or protections of any Federal,  
12 State or local employment, civil rights, or health and safe-  
13 ty law because of such individual’s status as a participant  
14 in the TANF program.”.

15 **SEC. 306. WORK PARTICIPATION REQUIREMENTS.**

16 Section 407(a)(1) (42 U.S.C. 607(a)), as amended by  
17 section 503 of this Act, is amended to read as follows:

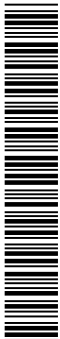
18 “(1) IN GENERAL.—A State to which a grant  
19 is made under section 403 for a fiscal year shall  
20 achieve a minimum participation rate equal to not  
21 less than—

22 “(A) 50 percent for fiscal year 2004;

23 “(B) 55 percent for fiscal year 2005;

24 “(C) 60 percent for fiscal year 2006;

25 “(D) 65 percent for fiscal year 2007; and



1                   “(E) 70 percent for fiscal year 2008 and  
2                   each succeeding fiscal year.”.

3   **SEC. 307. HOURS OF WORK-RELATED ACTIVITIES.**

4       Section 407(c)(1)(A) (42 U.S.C. 607(c)(1)(A)) is  
5   amended by striking “20” and inserting “24”.

6   **SEC. 308. STATE OPTION TO REQUIRE RECEIPIENTS TO EN-**  
7                   **GAGE IN WORK FOR 40 HOURS PER WEEK.**

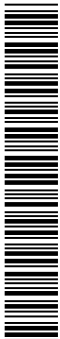
8       Section 407(c)(1)(A) (42 U.S.C. 607(c)(1)(A)) is  
9   amended by adding at the end the following flush sen-  
10   tence:

11                   “At the option of a State, the State may re-  
12                   quire, a recipient not referred to in paragraph  
13                   (2)(B) to engage in work for an average of 40  
14                   hours per week in each month in a particular  
15                   fiscal year.”.

16   **SEC. 309. REVISION AND SIMPLIFICATION OF THE TRANSI-**  
17                   **TIONAL MEDICAL ASSISTANCE PROGRAM**  
18                   **(TMA).**

19       (a) OPTION OF CONTINUOUS ELIGIBILITY FOR 12  
20   MONTHS; OPTION OF CONTINUING COVERAGE FOR UP TO  
21   AN ADDITIONAL YEAR.—

22                   (1) OPTION OF CONTINUOUS ELIGIBILITY FOR  
23       12 MONTHS BY MAKING REPORTING REQUIREMENTS  
24       OPTIONAL.—Section 1925(b) (42 U.S.C. 1396r-  
25       6(b)) is amended—



1 (A) in paragraph (1), by inserting “, at the  
2 option of a State,” after “and which”;

3 (B) in paragraph (2)(A), by inserting  
4 “Subject to subparagraph (C)—” after “(A)  
5 NOTICES.—”;

6 (C) in paragraph (2)(B), by inserting  
7 “Subject to subparagraph (C)—” after “(B)  
8 REPORTING REQUIREMENTS.—”;

9 (D) by adding at the end the following new  
10 subparagraph:

11 “(C) STATE OPTION TO WAIVE NOTICE  
12 AND REPORTING REQUIREMENTS.—A State  
13 may waive some or all of the reporting require-  
14 ments under clauses (i) and (ii) of subpara-  
15 graph (B). Insofar as it waives such a reporting  
16 requirement, the State need not provide for a  
17 notice under subparagraph (A) relating to such  
18 requirement.”; and

19 (E) in paragraph (3)(A)(iii), by inserting  
20 “the State has not waived under paragraph  
21 (2)(C) the reporting requirement with respect  
22 to such month under paragraph (2)(B) and if”  
23 after “6-month period if”.

24 (2) STATE OPTION TO EXTEND ELIGIBILITY  
25 FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDI-



1 TIONAL MONTHS.—Section 1925 (42 U.S.C. 1396r—  
2 6) is further amended—

3 (A) by redesignating subsections (c)  
4 through (f) as subsections (d) through (g); and  
5 (B) by inserting after subsection (b) the  
6 following new subsection:

7 “(c) STATE OPTION OF UP TO 12 MONTHS OF ADDI-  
8 TIONAL ELIGIBILITY.—

9 “(1) IN GENERAL.—Notwithstanding any other  
10 provision of this title, each State plan approved  
11 under this title may provide, at the option of the  
12 State, that the State shall offer to each family which  
13 received assistance during the entire 6-month period  
14 under subsection (b) and which meets the applicable  
15 requirement of paragraph (2), in the last month of  
16 the period the option of extending coverage under  
17 this subsection for the succeeding period not to ex-  
18 ceed 12 months.

19 “(2) INCOME RESTRICTION.—The option under  
20 paragraph (1) shall not be made available to a fam-  
21 ily for a succeeding period unless the State deter-  
22 mines that the family’s average gross monthly earn-  
23 ings (less such costs for such child care as is nec-  
24 essary for the employment of the caretaker relative)  
25 as of the end of the 6-month period under sub-



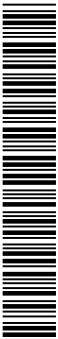


1 section (b) does not exceed 185 percent of the offi-  
2 cial poverty line (as defined by the Office of Man-  
3 agement and Budget, and revised annually in ac-  
4 cordance with section 673(2) of the Omnibus Budget  
5 Reconciliation Act of 1981) applicable to a family of  
6 the size involved.

7 “(3) APPLICATION OF EXTENSION RULES.—  
8 The provisions of paragraphs (2), (3), (4), and (5)  
9 of subsection (b) shall apply to the extension pro-  
10 vided under this subsection in the same manner as  
11 they apply to the extension provided under sub-  
12 section (b)(1), except that for purposes of this  
13 subsection—

14 “(A) any reference to a 6-month period  
15 under subsection (b)(1) is deemed a reference  
16 to the extension period provided under para-  
17 graph (1) and any deadlines for any notices or  
18 reporting and the premium payment periods  
19 shall be modified to correspond to the appro-  
20 priate calendar quarters of coverage provided  
21 under this subsection; and

22 “(B) any reference to a provision of sub-  
23 section (a) or (b) is deemed a reference to the  
24 corresponding provision of subsection (b) or of  
25 this subsection, respectively.”.



1 (b) STATE OPTION TO WAIVE RECEIPT OF MEDICAID  
2 FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR TMA.—  
3 Section 1925(a)(1) (42 U.S.C. 1396r–6(a)(1)) is amended  
4 by adding at the end the following: “A State may, at its  
5 option, also apply the previous sentence in the case of a  
6 family that was receiving such aid for fewer than 3  
7 months, or that had applied for and was eligible for such  
8 aid for fewer than 3 months, during the 6 immediately  
9 preceding months described in such sentence.”.

10 (c) ELIMINATION OF SUNSET FOR TMA.—

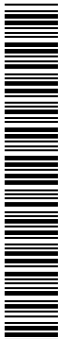
11 (1) Subsection (g) of section 1925 (42 U.S.C.  
12 1396r–6), as redesignated under subsection (a)(2),  
13 is repealed.

14 (2) Section 1902(e)(1) (42 U.S.C. 1396a(e)(1))  
15 is amended by striking “(A) Notwithstanding” and  
16 all that follows through “During such period, for” in  
17 subparagraph (B) and inserting “For”.

18 (d) CMS REPORT ON ENROLLMENT AND PARTICIPA-  
19 TION RATES UNDER TMA.—Section 1925, as amended by  
20 subsections (a)(2) and (c), is amended by adding at the  
21 end the following new subsection:

22 “(g) ADDITIONAL PROVISIONS.—

23 “(1) COLLECTION AND REPORTING OF PARTICI-  
24 PATION INFORMATION.—Each State shall—



1           “(A) collect and submit to the Secretary,  
2           in a format specified by the Secretary, informa-  
3           tion on average monthly enrollment and average  
4           monthly participation rates for adults and chil-  
5           dren under this section; and

6           “(B) make such information publicly avail-  
7           able.

8           Such information shall be submitted under subpara-  
9           graph (A) at the same time and frequency in which  
10          other enrollment information under this title is sub-  
11          mitted to the Secretary. Using such information, the  
12          Secretary shall submit to Congress annual reports  
13          concerning such rates.”.

14          (e) COORDINATION OF WORK.—Section 1925(g), as  
15          added by subsection (d), is amended by adding at the end  
16          the following new paragraph:

17                 “(2) COORDINATION WITH ADMINISTRATION  
18                 FOR CHILDREN AND FAMILIES.—The Administrator  
19                 of the Centers for Medicare & Medicaid Services, in  
20                 carrying out this section, shall work with the Assist-  
21                 ant Secretary for the Administration for Children  
22                 and Families to develop guidance or other technical  
23                 assistance for States regarding best practices in  
24                 guaranteeing access to transitional medical assist-  
25                 ance under this section.”.



1 (f) ELIMINATION OF TMA REQUIREMENT FOR  
2 STATES THAT EXTEND COVERAGE TO CHILDREN AND  
3 PARENTS THROUGH 185 PERCENT OF POVERTY.—

4 (1) IN GENERAL.—Section 1925 is further  
5 amended by adding at the end the following new  
6 subsection:

7 “(h) PROVISIONS OPTIONAL FOR STATES THAT EX-  
8 TEND COVERAGE TO CHILDREN AND PARENTS THROUGH  
9 185 PERCENT OF POVERTY.—A State may (but is not re-  
10 quired to) meet the requirements of subsections (a) and  
11 (b) if it provides for medical assistance under section 1931  
12 to families (including both children and caretaker rel-  
13 atives) the average gross monthly earning of which (less  
14 such costs for such child care as is necessary for the em-  
15 ployment of a caretaker relative) is at or below a level that  
16 is at least 185 percent of the official poverty line (as de-  
17 fined by the Office of Management and Budget, and re-  
18 vised annually in accordance with section 673(2) of the  
19 Omnibus Budget Reconciliation Act of 1981) applicable  
20 to a family of the size involved.”.

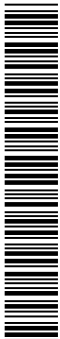
21 (2) CONFORMING AMENDMENTS.—Such section  
22 is further amended, in subsections (a)(1) and (b)(1),  
23 by inserting “, but subject to subsection (h),” after  
24 “Notwithstanding any other provision of this title,”  
25 each place it appears.



1 (g) EXTENDING USE OF OUTSTATIONED WORKERS  
2 TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL  
3 ASSISTANCE.—Section 1902(a)(55) (42 U.S.C.  
4 1396a(a)(55)) is amended by inserting “and under section  
5 1931” after “(a)(10)(A)(ii)(IX)”.

6 (h) EFFECTIVE DATES.—(1) Except as provided in  
7 this subsection, the amendments made by this section shall  
8 apply to calendar quarters beginning on or after the date  
9 of the enactment of this Act, without regard to whether  
10 or not final regulations to carry out such amendments  
11 have been promulgated by such date.

12 (2) In the case of a State plan for medical assistance  
13 under title XIX of the Social Security Act which the Sec-  
14 retary of Health and Human Services determines requires  
15 State legislation (other than legislation appropriating  
16 funds) in order for the plan to meet the additional require-  
17 ments imposed by the amendments made by this section,  
18 the State plan shall not be regarded as failing to comply  
19 with the requirements of such title solely on the basis of  
20 its failure to meet these additional requirements before the  
21 first day of the first calendar quarter beginning after the  
22 close of the first regular session of the State legislature  
23 that begins after the date of the enactment of this Act.  
24 For purposes of the previous sentence, in the case of a  
25 State that has a 2-year legislative session, each year of



1 such session shall be deemed to be a separate regular ses-  
2 sion of the State legislature.

3 **SEC. 310. ENSURING TANF FUNDS ARE NOT USED TO DIS-**  
4 **PLACE PUBLIC EMPLOYEES.**

5 (a) WELFARE-TO-WORK WORKER PROTECTIONS.—  
6 Section 403(a)(5)(I) (42 U.S.C. 603(a)(5)(I)) is  
7 amended—

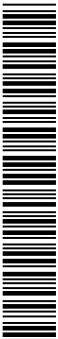
8 (1) by striking clauses (i) and (iv);

9 (2) by redesignating clauses (v) and (vi) as  
10 clauses (iv) and (v), respectively; and

11 (3) by inserting before clause (ii) the following:

12 “(i) NONDISPLACEMENT.—A State  
13 shall establish and maintain such proce-  
14 dures as are necessary to do the following  
15 with respect to activities funded in whole  
16 or in part under this part:

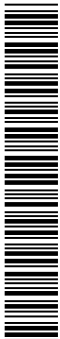
17 “(I) Prohibit the placement of an  
18 individual in a work activity specified  
19 in section 407(d) from resulting in the  
20 displacement of any employee or posi-  
21 tion (including partial displacement,  
22 such as a reduction in the hours of  
23 nonovertime work wages, or employ-  
24 ment benefits, or fill any unfilled va-  
25 cancy, or performing work when any



1 other individual is on layoff from the  
2 same or any substantially equivalent  
3 job).

4 “(II) Prohibit the placement of  
5 an individual in a work activity speci-  
6 fied in section 407(d) which would im-  
7 pair any contract for services, be in-  
8 consistent with any employment-re-  
9 lated State or local law or regulation,  
10 or collective bargaining agreement, or  
11 infringe on the recall rights or pro-  
12 motional opportunities of any worker.

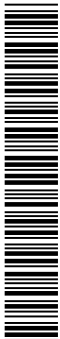
13 “(III) Maintain an impartial  
14 grievance procedure to resolve any  
15 complaints alleging violations of sub-  
16 clause (I) or (II) within 60 days after  
17 receipt of the complaint, and if a deci-  
18 sion is adverse to the party who filed  
19 such a grievance or no decision has  
20 been reached, provided for the comple-  
21 tion of an arbitration procedure with-  
22 in 75 days after receipt of the com-  
23 plaint or the adverse decision or con-  
24 clusion of the 60-day period, which-  
25 ever is earlier. The procedures shall



1 include a right to a hearing. The pro-  
2 cedures shall include remedies for vio-  
3 lations of the requirement that shall  
4 include termination or suspension of  
5 payments, prohibition of the partici-  
6 pant, reinstatement of an employee, and  
7 other appropriate relief. The proce-  
8 dures shall specify that if a direct  
9 work activity engaged in by a recipi-  
10 ent of assistance under the State pro-  
11 gram funded under this part involves  
12 a placement in a State agency or local  
13 government agency pursuant to this  
14 section and the agency experiences a  
15 net reduction in its overall workforce  
16 in a given year, there is a rebuttable  
17 presumption that the placement has  
18 resulted in displacement of the em-  
19 ployees of the agency in violation of  
20 this subparagraph.”.

21 (b) STATE PLAN REQUIREMENT.—Section 402(a)  
22 (42 U.S.C. 602(a)) is amended by adding at the end the  
23 following:

24 “(5) A plan that outlines the resources and pro-  
25 cedures that will be used to ensure that the State





1 will establish and maintain the procedures described  
2 in section 403(a)(5)(I)(i).”.

3 **SEC. 311. INCREASE IN FUNDING FOR SOCIAL SERVICES**  
4 **BLOCK GRANT.**

5 Section 2003(c) (42 U.S.C. 1397b(c)) is amended by  
6 adding at the end the following:

7 “(12) \$2,800,000,000 for the fiscal year 2004  
8 and each fiscal year thereafter.”.

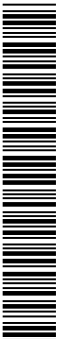
9 **TITLE IV—HELPING WELFARE**  
10 **LEAVERS CLIMB THE EM-**  
11 **PLOYMENT LADDER**

12 **SEC. 401. STATE PLAN REQUIREMENT ON EMPLOYMENT**  
13 **ADVANCEMENT.**

14 (a) IN GENERAL.—Section 402(a)(1)(A) (42 U.S.C.  
15 602(a)(1)(A)) is amended by adding at the end the fol-  
16 lowing:

17 “(vii) Establish goals and take action  
18 to improve initial earnings, job advance-  
19 ment, and employment retention for indi-  
20 viduals in and individuals leaving the pro-  
21 gram.”.

22 (b) INCLUSION IN ANNUAL REPORTS OF PROGRESS  
23 IN ACHIEVING EMPLOYMENT ADVANCEMENT GOALS.—  
24 Section 411(b) (42 U.S.C. 611(b)) is amended—



1 (1) by striking “and” at the end of paragraph  
2 (3);

3 (2) by striking the period at the end of para-  
4 graph (4) and inserting “; and” ; and

5 (3) by adding at the end the following:

6 “(5) in each report submitted after fiscal year  
7 2004, the progress made by the State in achieving  
8 the goals referred to in section 402(a)(1)(A)(vii) in  
9 the most recent State plan submitted pursuant to  
10 section 402(a).”.

11 **SEC. 402. EMPLOYMENT ADVANCEMENT FUND.**

12 Section 403(a) (42 U.S.C. 603(a)) is further amend-  
13 ed by adding at the end the following:

14 “(8) EMPLOYMENT ADVANCEMENT FUND.—

15 “(A) IN GENERAL.—The Secretary shall  
16 provide grants to States and localities for re-  
17 search, evaluation, technical assistance, and  
18 demonstration projects that focus on—

19 “(i) improving wages for low-income  
20 workers, regardless of whether such work-  
21 ers are recipients of assistance under a  
22 State program funded under this part,  
23 through training and other services; and

24 “(ii) enhancing employment prospects  
25 for recipients of such assistance with bar-



1 riers to employment, such as a physical or  
2 mental impairment, a substance abuse  
3 problem, or limited proficiency in English.

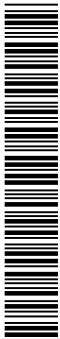
4 “(B) ADMINISTRATION.—

5 “(i) ALLOCATION OF FUNDS.—The  
6 Secretary shall allocate at least 40 percent  
7 of the funds made available pursuant to  
8 this paragraph for projects that focus on  
9 the matters described in subparagraph  
10 (A)(i), and at least 40 percent of the funds  
11 for projects that focus on the matters de-  
12 scribed in subparagraph (A)(ii).

13 “(ii) DIVERSITY OF PROJECTS.—The  
14 Secretary shall attempt to provide funds  
15 under this paragraph for diverse projects  
16 from geographically different areas.

17 “(C) AID UNDER THIS PARAGRAPH NOT  
18 ‘ASSISTANCE’.—A benefit or service provided  
19 with funds made available under this paragraph  
20 shall not, for any purpose, be considered assist-  
21 ance under a State program funded under this  
22 part.

23 “(D) APPROPRIATION.—Out of any money  
24 in the Treasury of the United States not other-  
25 wise appropriated, there are appropriated for



1 each of fiscal years 2004 through 2008  
2 \$150,000,000 for grants under this para-  
3 graph.”.

4 **SEC. 403. ELIMINATION OF LIMIT ON NUMBER OF TANF RE-**  
5 **CIPIENTS ENROLLED IN VOCATIONAL EDU-**  
6 **CATION OR HIGH SCHOOL WHO MAY BE**  
7 **COUNTED TOWARDS THE WORK PARTICIPA-**  
8 **TION REQUIREMENT.**

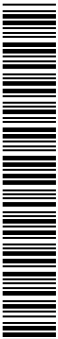
9 Section 407(c)(2) (42 U.S.C. 607(c)(2)) is amended  
10 by striking subparagraph (D).

11 **SEC. 404. COUNTING OF UP TO 2 YEARS OF VOCATIONAL OR**  
12 **EDUCATIONAL TRAINING (INCLUDING POST-**  
13 **SECONDARY EDUCATION), WORK-STUDY, AND**  
14 **RELATED INTERNSHIPS AS WORK ACTIVI-**  
15 **TIES.**

16 Section 407(d)(8) (42 U.S.C. 607(d)(8)) is amended  
17 to read as follows:

18 “(8) not more than 24 months of participation  
19 by an individual in—

20 “(A) vocational or educational training (in-  
21 cluding postsecondary education), at an eligible  
22 educational institution (as defined in section  
23 404(h)(5)(A)) leading to attainment of a cre-  
24 dential from the institution related to employ-  
25 ment or a job skill;



1           “(B) a State or Federal work-study pro-  
2           gram under part C of title IV of the Higher  
3           Education Act of 1965 or an internship related  
4           to vocational or postsecondary education, super-  
5           vised by an eligible educational institution (as  
6           defined in section 404(h)(5)(A)); or

7           “(C) a course of study leading to adult lit-  
8           eracy, in which English is taught as a second  
9           language, or leading to a certificate of high  
10          school equivalency, if the State considers the  
11          activities important to improving the ability of  
12          the individual to find and maintain employ-  
13          ment.”.

14 **SEC. 405. LIMITED COUNTING OF CERTAIN ACTIVITIES**  
15 **LEADING TO EMPLOYMENT AS WORK ACTIV-**  
16 **ITY.**

17          (a) IN GENERAL.—Section 407(d) (42 U.S.C.  
18 607(d)) is amended—

19           (1) by striking “and” at the end of paragraph  
20           (11);

21           (2) by striking the period at the end of para-  
22           graph (12) and inserting “; and”; and

23           (3) by adding at the end the following:

24           “(13) Up to 6 months of participation (as de-  
25           termined by the State) in services designed to im-



1       prove future employment opportunities, including  
2       substance abuse treatment services, services to ad-  
3       dress sexual or domestic violence, and physical reha-  
4       bilitation and mental health services.”.

5       (b) CONFORMING AMENDMENT.—Section 407(c)(1)  
6       (42 U.S.C. 607(c)(1)) is amended by striking “and (12)”  
7       each place it appears and inserting “(12), and (13)”.

8       **SEC. 406. CLARIFICATION OF AUTHORITY OF STATES TO**  
9                   **USE TANF FUNDS CARRIED OVER FROM**  
10                  **PRIOR YEARS TO PROVIDE TANF BENEFITS**  
11                  **AND SERVICES.**

12       Section 404(e) (42 U.S.C. 604(e)) is amended—

13           (1) in the subsection heading, by striking “AS-  
14       SISTANCE” and inserting “BENEFITS OR SERVICES”;  
15       and

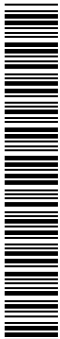
16           (2) after the heading, by striking “assistance”  
17       and inserting “any benefit or service that may be  
18       provided”.

19       **SEC. 407. DEFINITION OF ASSISTANCE.**

20       (a) IN GENERAL.—Section 419 (42 U.S.C. 619) is  
21       amended by adding at the end the following:

22           “(6) ASSISTANCE.—

23                   “(A) IN GENERAL.—The term ‘assistance’  
24       means payment, by cash, voucher, or other  
25       means, to or for an individual or family for the



1 purpose of meeting a subsistence need of the in-  
2 dividual or family (including food, clothing,  
3 shelter, and related items, but not including  
4 costs of transportation or child care).

5 “(B) EXCEPTION.—The term ‘assistance’  
6 does not include a payment described in sub-  
7 paragraph (A) to or for an individual or family  
8 on a short-term, nonrecurring basis (as defined  
9 by the State).”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is  
12 amended by striking “assistance” and inserting  
13 “aid”.

14 (2) Section 404(f) (42 U.S.C. 604(f)) is amend-  
15 ed by striking “assistance” and inserting “benefits  
16 or services”.

17 (3) Section 408(a)(5)(B)(i) (42 U.S.C.  
18 608(a)(5)(B)(i)) is amended in the heading by strik-  
19 ing “ASSISTANCE” and inserting “AID”.

20 **SEC. 408. CONTINUATION OF PRE-WELFARE REFORM WAIV-**  
21 **ERS.**

22 Section 415 (42 U.S.C. 615) is amended by adding  
23 at the end the following:

24 “(c) CONTINUATION OF WAIVERS APPROVED OR  
25 SUBMITTED BEFORE DATE OF ENACTMENT OF WELFARE



1 REFORM.—Notwithstanding subsection (a), with respect  
2 to any State that is operating under a waiver described  
3 in subsection (a) which would otherwise expire on a date  
4 that occurs in the period that begins on September 30,  
5 2002, and ends on September 30, 2008, the State may  
6 elect to continue to operate under the waiver, on the same  
7 terms and conditions as applied to the waiver on the day  
8 before such date, through September 30, 2008.”.

9 **TITLE V—PROMOTING FAMILY**  
10 **FORMATION AND RESPON-**  
11 **SIBLE PARENTING**

12 **SEC. 501. FAMILY FORMATION FUND.**

13 Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended  
14 to read as follows:

15 “(2) FAMILY FORMATION FUND.—

16 “(A) IN GENERAL.—The Secretary shall  
17 provide grants to States and localities for re-  
18 search, technical assistance, and demonstration  
19 projects to promote and fund best practices in  
20 the following areas:

21 “(i) Promoting the formation of 2-  
22 parent families.

23 “(ii) Reducing teenage pregnancies.





1                   “(iii) Increasing the ability of non-  
2                   custodial parents to financially support  
3                   and be involved with their children.

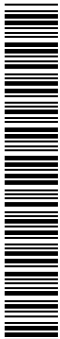
4                   “(B) ALLOCATION OF FUNDS.—In making  
5                   grants under this paragraph, the Secretary  
6                   shall ensure that not less than 30 percent of  
7                   the funds made available pursuant to this para-  
8                   graph for a fiscal year are used in each of the  
9                   areas described in subparagraph (A).

10                  “(C) CONSIDERATION OF DOMESTIC VIO-  
11                  LENCE IMPACT.—In making grants under this  
12                  paragraph, the Secretary shall consider the po-  
13                  tential impact of a project on the incidence of  
14                  domestic violence.

15                  “(D) APPROPRIATION.—Out of any money  
16                  in the Treasury of the United States not other-  
17                  wise appropriated, there are appropriated for  
18                  each of fiscal years 2004 through 2008  
19                  \$100,000,000 for grants under this para-  
20                  graph.”.

21 **SEC. 502. DISTRIBUTION OF CHILD SUPPORT COLLECTED**  
22 **BY STATES ON BEHALF OF CHILDREN RE-**  
23 **CEIVING CERTAIN WELFARE BENEFITS.**

24                  (a) MODIFICATION OF RULE REQUIRING ASSIGN-  
25                  MENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIV-



1 ING TANF.—Section 408(a)(3) (42 U.S.C. 608(a)(3)) is  
2 amended to read as follows:

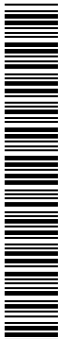
3 “(3) NO ASSISTANCE FOR FAMILIES NOT AS-  
4 SIGNING CERTAIN SUPPORT RIGHTS TO THE  
5 STATE.—A State to which a grant is made under  
6 section 403 shall require, as a condition of providing  
7 assistance to a family under the State program  
8 funded under this part, that a member of the family  
9 assign to the State any rights the family member  
10 may have (on behalf of the family member or of any  
11 other person for whom the family member has ap-  
12 plied for or is receiving such assistance) to support  
13 from any other person, not exceeding the total  
14 amount of assistance paid to the family under the  
15 program, which accrues during the period that the  
16 family receives assistance under the program.”.

17 (b) INCREASING CHILD SUPPORT PAYMENTS TO  
18 FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBU-  
19 TION RULES.—

20 (1) DISTRIBUTION RULES.—

21 (A) IN GENERAL.—Section 457(a) (42  
22 U.S.C. 657(a)) is amended to read as follows:

23 “(a) IN GENERAL.—Subject to subsections (d) and  
24 (e), the amounts collected on behalf of a family as support



1 by a State pursuant to a plan approved under this part  
2 shall be distributed as follows:

3 “(1) FAMILIES RECEIVING ASSISTANCE.—In the  
4 case of a family receiving assistance from the State,  
5 the State shall—

6 “(A) pay to the Federal Government the  
7 Federal share of the amount collected, subject  
8 to paragraph (3)(A);

9 “(B) retain, or pay to the family, the State  
10 share of the amount collected, subject to para-  
11 graph (3)(B); and

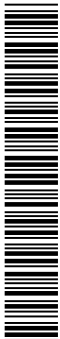
12 “(C) pay to the family any remaining  
13 amount.

14 “(2) FAMILIES THAT FORMERLY RECEIVED AS-  
15 SISTANCE.—In the case of a family that formerly re-  
16 ceived assistance from the State:

17 “(A) CURRENT SUPPORT.—To the extent  
18 that the amount collected does not exceed the  
19 current support amount, the State shall pay the  
20 amount to the family.

21 “(B) ARREARAGES.—To the extent that  
22 the amount collected exceeds the current sup-  
23 port amount, the State—

24 “(i) shall first pay to the family the  
25 excess amount, to the extent necessary to



1 satisfy support arrearages not assigned  
2 pursuant to section 408(a)(3);

3 “(ii) if the amount collected exceeds  
4 the amount required to be paid to the fam-  
5 ily under clause (i), shall—

6 “(I) pay to the Federal Govern-  
7 ment, the Federal share of the excess  
8 amount described in this clause, sub-  
9 ject to paragraph (3)(A); and

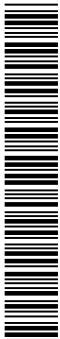
10 “(II) retain, or pay to the family,  
11 the State share of the excess amount  
12 described in this clause, subject to  
13 paragraph (3)(B); and

14 “(iii) shall pay to the family any re-  
15 maining amount.

16 “(3) LIMITATIONS.—

17 “(A) FEDERAL REIMBURSEMENTS.—The  
18 total of the amounts paid by the State to the  
19 Federal Government under paragraphs (1) and  
20 (2) of this subsection with respect to a family  
21 shall not exceed the Federal share of the  
22 amount assigned with respect to the family pur-  
23 suant to section 408(a)(3).

24 “(B) STATE REIMBURSEMENTS.—The  
25 total of the amounts retained by the State



1 under paragraphs (1) and (2) of this subsection  
2 with respect to a family shall not exceed the  
3 State share of the amount assigned with respect  
4 to the family pursuant to section 408(a)(3).

5 “(4) FAMILIES THAT NEVER RECEIVED ASSIST-  
6 ANCE.—In the case of any other family, the State  
7 shall pay the amount collected to the family.

8 “(5) FAMILIES UNDER CERTAIN AGREE-  
9 MENTS.—Notwithstanding paragraphs (1) through  
10 (4), in the case of an amount collected for a family  
11 in accordance with a cooperative agreement under  
12 section 454(33), the State shall distribute the  
13 amount collected pursuant to the terms of the agree-  
14 ment.

15 “(6) STATE FINANCING OPTIONS.—To the ex-  
16 tent that the State share of the amount payable to  
17 a family for a month pursuant to paragraph (2)(B)  
18 of this subsection exceeds the amount that the State  
19 estimates (under procedures approved by the Sec-  
20 retary) would have been payable to the family for  
21 the month pursuant to former section 457(a)(2) (as  
22 in effect for the State immediately before the date  
23 this subsection first applies to the State) if such  
24 former section had remained in effect, the State may  
25 elect to use the grant made to the State under sec-

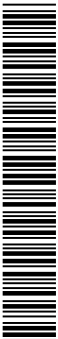


1       tion 403(a) to pay the amount, or to have the pay-  
2       ment considered a qualified State expenditure for  
3       purposes of section 409(a)(7), but not both.

4               “(7) STATE OPTION TO PASS THROUGH ADDI-  
5       TIONAL SUPPORT WITH FEDERAL FINANCIAL PAR-  
6       TICIPATION.—

7               “(A) IN GENERAL.—Notwithstanding  
8       paragraphs (1) and (2), a State shall not be re-  
9       quired to pay to the Federal Government the  
10      Federal share of an amount collected on behalf  
11      of a family that is not a recipient of assistance  
12      under the State program funded under part A,  
13      to the extent that the State pays the amount to  
14      the family and disregards the payment for pur-  
15      poses of paying benefits under the State pro-  
16      gram funded under part A.

17              “(B) RECIPIENTS OF TANF FOR LESS  
18      THAN 5 YEARS.—Notwithstanding paragraphs  
19      (1) and (2), a State shall not be required to pay  
20      to the Federal Government the Federal share of  
21      an amount collected on behalf of a family that  
22      is a recipient of assistance under the State pro-  
23      gram funded under part A and that has re-  
24      ceived the assistance for not more than 5 years  
25      after the date of the enactment of this para-



1 graph, to the extent that the State pays the  
2 amount to the family.”.

3 (B) APPROVAL OF ESTIMATION PROCE-  
4 DURES.—Not later than October 1, 2003, the  
5 Secretary of Health and Human Services, in  
6 consultation with the States (as defined for  
7 purposes of part D of title IV of the Social Se-  
8 curity Act), shall establish the procedures to be  
9 used to make the estimate described in section  
10 457(a)(6) of such Act.

11 (2) CURRENT SUPPORT AMOUNT DEFINED.—  
12 Section 457(c) (42 U.S.C. 657(c)) is amended by  
13 adding at the end the following:

14 “(5) CURRENT SUPPORT AMOUNT.—The term  
15 ‘current support amount’ means, with respect to  
16 amounts collected as support on behalf of a family,  
17 the amount designated as the monthly support obli-  
18 gation of the noncustodial parent in the order re-  
19 quiring the support.”.

20 (c) BAN ON RECOVERY OF MEDICAID COSTS FOR  
21 CERTAIN BIRTHS.—Section 454 (42 U.S.C. 654) is  
22 amended—

23 (1) by striking “and” at the end of paragraph  
24 (32);



1 (2) by striking the period at the end of para-  
2 graph (33) and inserting “; and”; and

3 (3) by inserting after paragraph (33) the fol-  
4 lowing:

5 “(34) provide that the State shall not use the  
6 State program operated under this part to collect  
7 any amount owed to the State by reason of costs in-  
8 curred under the State plan approved under title  
9 XIX for the birth of a child for whom support rights  
10 have been assigned pursuant to section 408(a)(3),  
11 471(a)(17), or 1912.”.

12 (d) STATE OPTION TO DISCONTINUE CERTAIN SUP-  
13 PORT ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b))  
14 is amended by striking “shall” and inserting “may”.

15 (e) CONFORMING AMENDMENTS.—

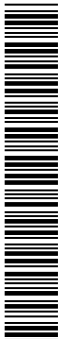
16 (1) Section 409(a)(7)(B)(i)(I)(aa) (42 U.S.C.  
17 609(a)(7)(B)(i)(I)(aa)) is amended by striking  
18 “457(a)(1)(B)” and inserting “457(a)(1)”.

19 (2) Section 404(a) (42 U.S.C. 604(a)) is  
20 amended—

21 (A) by striking “or” at the end of para-  
22 graph (1);

23 (B) by striking the period at the end of  
24 paragraph (2) and inserting “; or”; and

25 (C) by adding at the end the following:





1 “(3) to fund payment of an amount pursuant to  
2 clause (i) or (ii) of section 457(a)(2)(B), but only to  
3 the extent that the State properly elects under sec-  
4 tion 457(a)(6) to use the grant to fund the pay-  
5 ment.”.

6 (3) Section 409(a)(7)(B)(i) (42 U.S.C.  
7 609(a)(7)(B)(i)) is amended by adding at the end  
8 the following:

9 “(V) PORTIONS OF CERTAIN  
10 CHILD SUPPORT PAYMENTS COL-  
11 LECTED ON BEHALF OF AND DISTRIB-  
12 UTED TO FAMILIES NO LONGER RE-  
13 CEIVING ASSISTANCE.—Any amount  
14 paid by a State pursuant to clause (i)  
15 or (ii) of section 457(a)(2)(B), but  
16 only to the extent that the State prop-  
17 erly elects under section 457(a)(6) to  
18 have the payment considered a quali-  
19 fied State expenditure.”.

20 (f) EFFECTIVE DATE.—

21 (1) IN GENERAL.—Except as provided in para-  
22 graph (2) of this subsection and section 901(b) of  
23 this Act, the amendments made by this section shall  
24 take effect on October 1, 2007, and shall apply to  
25 payments under parts A and D of title IV of the So-



1       cial Security Act for calendar quarters beginning on  
2       or after such date, without regard to whether regula-  
3       tions to implement the amendments are promulgated  
4       by such date.

5               (2) STATE OPTION TO ACCELERATE EFFECTIVE  
6       DATE.—A State may elect to have the amendments  
7       made by this section apply to the State and to  
8       amounts collected by the State, on and after such  
9       date as the State may select that is after the date  
10      of the enactment of this Act and before the effective  
11      date provided in paragraph (1).

12   **SEC. 503. ELIMINATION OF SEPARATE WORK PARTICIPA-**  
13               **TION RATE FOR 2-PARENT FAMILIES.**

14      Section 407 (42 U.S.C. 607) is amended—

15              (1) in subsection (a), by striking paragraph (2);

16      and

17              (2) in subsection (b)—

18                      (A) by striking paragraph (2);

19                      (B) in paragraph (4), by striking “para-  
20                      graphs (1)(B) and (2)(B)” and inserting “para-  
21                      graph (1)(B)”;

22                      (C) in paragraph (5), by striking “rates”  
23                      and inserting “rate”; and



1 (D) by redesignating paragraphs (3), (4),  
2 and (5) as paragraphs (2), (3), and (4), respec-  
3 tively.

4 **SEC. 504. BAN ON IMPOSITION OF STRICTER ELIGIBILITY**  
5 **CRITERIA FOR 2-PARENT FAMILIES; STATE**  
6 **OPT-OUT.**

7 (a) PROHIBITION.—Section 408(a) (42 U.S.C.  
8 608(a)) is further amended by adding at the end the fol-  
9 lowing:

10 “(13) BAN ON IMPOSITION OF STRICTER ELIGI-  
11 BILITY CRITERIA FOR 2-PARENT FAMILIES.—

12 “(A) IN GENERAL.—In determining the  
13 eligibility of a 2-parent family for assistance  
14 under a State program funded under this part,  
15 the State shall not impose a requirement that  
16 does not apply in determining the eligibility of  
17 a 1-parent family for such assistance.

18 “(B) STATE OPT-OUT.—Subparagraph (A)  
19 shall not apply to a State if the State legisla-  
20 ture, by law, has elected to make subparagraph  
21 (A) inapplicable to the State.”.

22 (b) PENALTY.—Section 409(a) (42 U.S.C. 609(a)) is  
23 further amended by adding at the end the following:

24 “(16) PENALTY FOR IMPOSITION OF STRICTER  
25 ELIGIBILITY CRITERIA FOR 2-PARENT FAMILIES.—



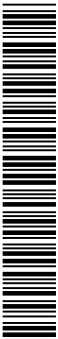
1           “(A) IN GENERAL.—If the Secretary deter-  
2           mines that a State to which a grant is made  
3           under section 403 for a fiscal year has violated  
4           section 408(a)(13) during the fiscal year, the  
5           Secretary shall reduce the grant payable to the  
6           State under section 403(a)(1) for the imme-  
7           diately succeeding fiscal year by an amount  
8           equal to 5 percent of the State family assist-  
9           ance grant.

10           “(B) PENALTY BASED ON SEVERITY OF  
11           FAILURE.—The Secretary shall impose reduc-  
12           tions under subparagraph (A) with respect to a  
13           fiscal year based on the degree of noncompli-  
14           ance.”.

15 **SEC. 505. EXTENSION OF ABSTINENCE EDUCATION FUND-**  
16 **ING UNDER MATERNAL AND CHILD HEALTH**  
17 **PROGRAM.**

18           (a) IN GENERAL.—Section 510(d) (42 U.S.C.  
19 710(d)) is amended by striking “2002” and inserting  
20 “2008”.

21           (b) PURPOSE OF ALLOTMENTS.—For each of the fis-  
22 cal years 2004 through 2008, section 510(b)(1) of the So-  
23 cial Security Act is deemed to read as follows: “(1) The  
24 purpose of an allotment under subsection (a) to a State



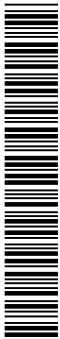
1 is to enable the State to provide abstinence education, and  
2 at the option of the State—

3 “(A) programs that the State defines as an ap-  
4 propriate approach to abstinence education that edu-  
5 cates those who are currently sexually active or at  
6 risk of sexual activity about methods to reduce unin-  
7 tended pregnancy or other health risks; and

8 “(B) where appropriate, mentoring, counseling,  
9 and adult supervision to promote abstinence from  
10 sexual activity, with a focus on those groups which  
11 are most likely to bear children out-of-wedlock.”.

12 (c) MEDICALLY AND SCIENTIFICALLY ACCURATE IN-  
13 FORMATION.—For each of the fiscal years 2004 through  
14 2008, there is deemed to appear in the matter preceding  
15 subparagraph (A) of section 510(b)(2) of such Act the  
16 phrase “a medically and scientifically accurate edu-  
17 cational” in lieu of the phrase “an educational”, and there  
18 is deemed to appear after and below subparagraph (H)  
19 of such section the following:

20 “For purposes of this section, the term ‘medically accu-  
21 rate’, with respect to information, means information that  
22 is supported by research, recognized as accurate and ob-  
23 jective by leading medical, psychological, psychiatric, and  
24 public health organizations and agencies, and where rel-  
25 evant, published in peer review journals.”.



1 (d) EFFECTIVE MODELS FOR PROGRAMS.—For each  
2 of the fiscal years 2004 through 2008, section 510 of such  
3 Act is deemed to have at the end the following subsection:

4 “(e)(1) None of the funds appropriated in this section  
5 shall be expended for a program unless the program is  
6 based on a model that has been demonstrated to be effec-  
7 tive in reducing unwanted pregnancy, or in reducing the  
8 transmission of a sexually transmitted disease or the  
9 human immunodeficiency virus.

10 “(2) The requirement of paragraph (1) shall not  
11 apply to programs that have been approved and funded  
12 under this section on or before April 19, 2002.”.

13 (e) COMPARATIVE EVALUATION OF ABSTINENCE  
14 EDUCATION PROGRAMS.—

15 (1) STUDY.—The Secretary of Health and  
16 Human Services (referred to in this subsection as  
17 the “Secretary”) shall, in consultation with an advi-  
18 sory panel of researchers identified by the Board on  
19 Children Youth and Families of the National Acad-  
20 emy of Sciences, conduct an experimental study di-  
21 rectly or through contract or interagency agreement  
22 which assesses the relative efficacy of two ap-  
23 proaches to abstinence education for adolescents.  
24 The study design should enable a comparison of the  
25 efficacy of an abstinence program which precludes



1 education about contraception with a similar absti-  
2 nence program which includes education about con-  
3 traception. Key outcomes that should be measured  
4 in the study include rates of sexual activity, preg-  
5 nancy, birth, and sexually transmitted diseases.

6 (2) REPORT.—Not later than 5 years after the  
7 date of the enactment of this Act, the Secretary  
8 shall submit a report to Congress the available find-  
9 ings regarding the comparative analysis.

10 (3) FUNDING.—For the purpose of carrying out  
11 this subsection, there are authorized to be appro-  
12 priated such sums as may be necessary for each of  
13 the fiscal years 2004 through 2008.

14 **TITLE VI—RESTORING FAIRNESS**  
15 **FOR IMMIGRANT FAMILIES**

16 **SEC. 601. TREATMENT OF ALIENS UNDER THE TANF PRO-**  
17 **GRAM.**

18 (a) EXCEPTION TO 5-YEAR BAN FOR QUALIFIED  
19 ALIENS.—Section 403(c)(2) of the Personal Responsi-  
20 bility and Work Opportunity Reconciliation Act of 1996  
21 (8 U.S.C. 1613(c)(2)) is amended by adding at the end  
22 the following:

23 “(L) Benefits under the Temporary Assist-  
24 ance for Needy Families program described in  
25 section 402(b)(3)(A).”.



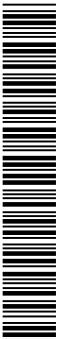
1 (b) BENEFITS NOT SUBJECT TO REIMBURSE-  
2 MENT.—Section 423(d) of the Personal Responsibility and  
3 Work Opportunity Reconciliation Act of 1996 (8 U.S.C.  
4 1138a note) is amended by adding at the end the fol-  
5 lowing:

6 “(12) Benefits under part A of title IV of the  
7 Social Security Act except for cash assistance pro-  
8 vided to a sponsored alien who is subject to deeming  
9 pursuant to section 408(h) of the Social Security  
10 Act.”.

11 (c) TREATMENT OF ALIENS.—Section 408 (42  
12 U.S.C. 608) is amended by adding at the end the fol-  
13 lowing:

14 “(h) SPECIAL RULES RELATING TO THE TREAT-  
15 MENT OF 213A ALIENS.—

16 “(1) IN GENERAL.—In determining whether a  
17 213A alien is eligible for cash assistance under a  
18 State program funded under this part, and in deter-  
19 mining the amount or types of such assistance to be  
20 provided to the alien, the State shall apply the rules  
21 of paragraphs (1), (2), (3), (5), and (6) of sub-  
22 section (f) of this section by substituting ‘213A’ for  
23 ‘non-213A’ each place it appears, subject to section  
24 421(e) of the Personal Responsibility and Work Op-  
25 portunity Reconciliation Act of 1996, and subject to





1 section 421(f) of such Act (which shall be applied by  
2 substituting ‘section 408(h) of the Social Security  
3 Act’ for ‘subsection (a)’).

4 “(2) 213A ALIEN DEFINED.—An alien is a  
5 213A alien for purposes of this subsection if the affi-  
6 davit of support or similar agreement with respect to  
7 the alien that was executed by the sponsor of the  
8 alien’s entry into the United States was executed  
9 pursuant to section 213A of the Immigration and  
10 Nationality Act.”.

11 (d) EFFECTIVE DATE AND APPLICABILITY.—

12 (1) EFFECTIVE DATE.—The amendments made  
13 by this section shall take effect October 1, 2003.

14 (2) APPLICABILITY.—The amendments made  
15 by this section shall apply to benefits provided on or  
16 after the effective date of this section.

17 **SEC. 602. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**  
18 **UNDER THE MEDICAID PROGRAM AND SCHIP.**

19 (a) MEDICAID PROGRAM.—Section 1903(v) (42  
20 U.S.C. 1396b(v)) is amended—

21 (1) in paragraph (1), by striking “paragraph  
22 (2)” and inserting “paragraphs (2) and (4)”; and

23 (2) by adding at the end the following new  
24 paragraph:



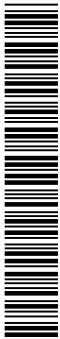
1       “(4)(A) A State may elect (in a plan amendment  
2 under this title) to provide medical assistance under this  
3 title, notwithstanding sections 401(a), 402(b), 403, and  
4 421 of the Personal Responsibility and Work Opportunity  
5 Reconciliation Act of 1996, for aliens who are lawfully re-  
6 siding in the United States (including battered aliens de-  
7 scribed in section 431(c) of such Act) and who are other-  
8 wise eligible for such assistance, within either or both of  
9 the following eligibility categories:

10           “(i) PREGNANT WOMEN.—Women during preg-  
11 nancy (and during the 60-day period beginning on  
12 the last day of the pregnancy).

13           “(ii) CHILDREN.—Children (as defined under  
14 such plan), including optional targeted low-income  
15 children described in section 1905(u)(2)(B).

16       “(B) In the case of a State that has elected to provide  
17 medical assistance to a category of aliens under subpara-  
18 graph (A), no debt shall accrue under an affidavit of sup-  
19 port against any sponsor of such an alien on the basis  
20 of provision of assistance to such category and the cost  
21 of such assistance shall not be considered as an unreim-  
22 bursed cost.”.

23       (b) SCHIP.—Section 2107(e)(1) (42 U.S.C.  
24 1397gg(e)(1)) as amended by section 803 of the Medicare,  
25 Medicaid, and SCHIP Benefits Improvement and Protec-



tion Act of 2000, as enacted into law by section 1(a)(6) of Public Law 106–554, is amended by redesignating subparagraphs (C) and (D) as subparagraph (D) and (E), respectively, and by inserting after subparagraph (B) the following new subparagraph:

“(C) Section 1903(v)(4) (relating to optional coverage of categories of permanent resident alien children), but only if the State has elected to apply such section to the category of children under title XIX.”.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2003, and apply to medical assistance and child health assistance furnished on or after such date.

**SEC. 603. ELIGIBILITY OF DISABLED CHILDREN WHO ARE QUALIFIED ALIENS FOR SSI.**

(a) IN GENERAL.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by inserting after subparagraph (K) the following new subparagraph:

“(L) SSI EXCEPTION FOR DISABLED CHILDREN.—With respect to eligibility for benefits for the specified Federal program described in paragraph (3)(A), paragraph (1) shall not apply to a child who is considered disabled for pur-



1           poses of the supplemental security income pro-  
2           gram under title XVI of the Social Security  
3           Act.”.

4           (b) EFFECTIVE DATE.—The amendment made by  
5 this section shall take effect on October 1, 2003, and apply  
6 to benefits furnished on or after such date.

7           **TITLE VII—ENSURING STATE**  
8           **ACCOUNTABILITY**

9           **SEC. 701. EXTENSION OF MAINTENANCE-OF-EFFORT RE-**  
10           **QUIREMENT.**

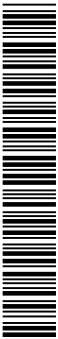
11          Section 409(a)(7) (42 U.S.C. 609(a)(7)) is  
12 amended—

13           (1) in subparagraph (A) by striking “fiscal year  
14           1998, 1999, 2000, 2001, 2002, or 2003” and insert-  
15           ing “fiscal year 2003, 2004, 2005, 2006, 2007,  
16           2008, or 2009”; and

17           (2) in subparagraph (B)(ii)—

18                   (A) by inserting “preceding” before “fiscal  
19           year”; and

20                   (B) by striking “for fiscal years 1997  
21           through 2002,”.



1 **SEC. 702. BAN ON USING FEDERAL TANF FUNDS TO RE-**  
2 **PLACE STATE AND LOCAL SPENDING THAT**  
3 **DOES NOT MEET THE DEFINITION OF QUALI-**  
4 **FIED STATE EXPENDITURES.**

5 (a) PROHIBITION.—Section 408(a) (42 U.S.C.  
6 608(a)) is further amended by adding at the end the fol-  
7 lowing:

8 “(14) BAN ON USING FEDERAL TANF FUNDS  
9 TO REPLACE STATE OR LOCAL SPENDING THAT  
10 DOES NOT MEET THE DEFINITION OF QUALIFIED  
11 STATE EXPENDITURES.—A State to which a grant is  
12 made under section 403 and a sub-State entity that  
13 receives funds from such a grant shall not expend  
14 any part of the grant funds to supplant State or  
15 local spending for benefits or services which are not  
16 qualified State expenditures (within the meaning of  
17 section 409(a)(7)(B)(i)).”.

18 (b) PENALTY.—Section 409(a) (42 U.S.C. 609(a)) is  
19 further amended by adding at the end the following:

20 “(17) PENALTY FOR USING FEDERAL TANF  
21 FUNDS TO REPLACE STATE OR LOCAL SPENDING  
22 THAT DOES NOT MEET THE DEFINITION OF QUALI-  
23 FIED STATE EXPENDITURES.—

24 “(A) IN GENERAL.—If the Secretary deter-  
25 mines that a State to which a grant is made  
26 under section 403 for a fiscal year has violated



1 section 408(a)(14) during the fiscal year, the  
2 Secretary shall reduce the grant payable to the  
3 State under section 403(a)(1) for the imme-  
4 diately succeeding fiscal year by an amount  
5 equal to 5 percent of the State family assist-  
6 ance grant.

7 “(B) PENALTY BASED ON SEVERITY OF  
8 FAILURE.—The Secretary shall impose reduc-  
9 tions under subparagraph (A) with respect to a  
10 fiscal year based on the degree of noncompli-  
11 ance.”.

12 **TITLE VIII—IMPROVING INFOR-**  
13 **MATION ABOUT TANF RECIPI-**  
14 **ENTS AND PROGRAMS**

15 **SEC. 801. EXTENSION OF FUNDING OF STUDIES AND DEM-**  
16 **ONSTRATIONS.**

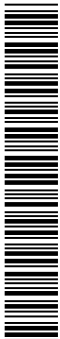
17 Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended  
18 by striking “2002” and inserting “2008”.

19 **SEC. 802. LONGITUDINAL STUDIES OF EMPLOYMENT AND**  
20 **EARNINGS OF TANF LEAVERS.**

21 Section 413 (42 U.S.C. 613) is amended—

22 (1) in subsection (h)(1)—

23 (A) by striking “and” at the end of sub-  
24 paragraph (C);



1 (B) by striking the period and inserting “;  
2 and”; and

3 (C) by adding at the end the following:

4 “(E) the cost of conducting the studies de-  
5 scribed in subsection (k).”; and

6 (2) by adding at the end the following:

7 “(k) LONGITUDINAL STUDIES OF EMPLOYMENT AND  
8 EARNINGS OF TANF LEAVERS.—

9 “(1) IN GENERAL.—The Secretary, directly or  
10 through grants, contracts, or interagency agree-  
11 ments shall conduct a study in each eligible State of  
12 a statistically relevant cohort of individuals who  
13 leave the State program funded under this part dur-  
14 ing fiscal year 2004 and individuals who leave the  
15 program during fiscal year 2006, which uses State  
16 unemployment insurance data to track the employ-  
17 ment and earnings status of the individuals during  
18 the 3-year period beginning at the time the individ-  
19 uals leave the program.

20 “(2) REPORTS.—The Secretary shall annually  
21 publish the findings of the studies conducted pursu-  
22 ant to paragraph (1) of this subsection, and shall  
23 annually publish the earnings data used in making  
24 determinations under section 407(b).”.



1 **SEC. 803. INCLUSION OF DISABILITY STATUS IN INFORMA-**  
2 **TION STATES REPORT ABOUT TANF FAMI-**  
3 **LIES.**

4 Section 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is  
5 amended by adding at the end the following:

6 “(xviii) Whether the head of the fam-  
7 ily has a significant physical or mental im-  
8 pairment.

9 **SEC. 804. ANNUAL REPORT TO THE CONGRESS TO INCLUDE**  
10 **GREATER DETAIL ABOUT STATE PROGRAMS**  
11 **FUNDED UNDER TANF.**

12 Section 411(b)(3) (42 U.S.C. 611(b)(3)), as amended  
13 by section 401(b)(1) of this Act, is amended to read as  
14 follows:

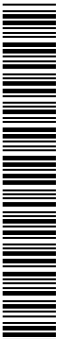
15 “(3) the characteristics of each State program  
16 funded under this part, including, with respect to  
17 each program funded with amounts provided under  
18 this part or with amounts the expenditure of which  
19 is counted as a qualified State expenditure for pur-  
20 poses of section 409(a)(7)—

21 “(A) the name of the program;

22 “(B) whether the program is authorized at  
23 a sub-State level (such as at the county level);

24 “(C) the purpose of the program;

25 “(D) the main activities of the program;





1           “(E) the total amount received by the pro-  
2           gram from amounts provided under this part;

3           “(F) the total of the amounts received by  
4           the program that are amounts the expenditure  
5           of which are counted as qualified State expendi-  
6           tures for purposes of section 409(a)(7);

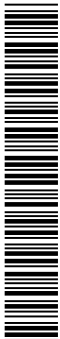
7           “(G) the total funding level of the pro-  
8           gram;

9           “(H) the total number of individuals  
10          served by the program, and the number of such  
11          individuals served specifically with funds pro-  
12          vided under this part or with amounts the ex-  
13          penditure of which are counted as qualified  
14          State expenditures for purposes of section  
15          409(a)(7); and

16          “(I) the eligibility criteria for participation  
17          in the program;”.

18   **SEC. 805. ENHANCEMENT OF UNDERSTANDING OF THE**  
19                   **REASONS INDIVIDUALS LEAVE STATE TANF**  
20                   **PROGRAMS.**

21          (a) DEVELOPMENT OF COMPREHENSIVE LIST OF  
22          CASE CLOSURE REASONS.—The Secretary of Health and  
23          Human Services shall develop, in consultation with States  
24          and policy experts, a comprehensive list of reasons why  
25          individuals leave State programs funded under this part.



1 The list shall be aimed at substantially reducing the num-  
2 ber of case closures under the programs for which a reason  
3 is not known.

4 (b) INCLUSION IN QUARTERLY STATE REPORTS.—  
5 Section 411(a)(1)(A)(xvi) (42 U.S.C. 611(a)(1)(A)(xvi)) is  
6 amended—

7 (1) by striking “or” at the end of subclause  
8 (IV);

9 (2) by striking the period at the end and insert-  
10 ing “; or”; or

11 (3) by adding at the end the following:

12 “(VI) a reason specified in the  
13 list developed under section 805(a) of  
14 the Next Step in Reforming Welfare  
15 Act.”.

16 **SEC. 806. STANDARDIZED STATE PLANS.**

17 Within 6 months after the date of the enactment of  
18 this Act, the Secretary of Health and Human Services,  
19 after consulting with the States, shall establish a stand-  
20 ardized format which States shall use to submit plans  
21 under section 402(a) of the Social Security Act for fiscal  
22 year 2005 and thereafter.

23 **SEC. 807. STUDY BY THE CENSUS BUREAU.**

24 (a) IN GENERAL.—Section 414(a) (42 U.S.C.  
25 614(a)) is amended to read as follows:



1       “(a) IN GENERAL.—The Bureau of the Census shall  
2 implement a new longitudinal survey of program dynam-  
3 ics, developed in consultation with the Secretary and made  
4 available to interested parties, to allow for the assessment  
5 of the outcomes of continued welfare reform on the eco-  
6 nomic and child well-being of low-income families with  
7 children, including those who received assistance or serv-  
8 ices from a State program funded under this part, and,  
9 to the extent possible, shall provide State representative  
10 samples.”.

11       (b) APPROPRIATION.—Section 414(b) (42 U.S.C.  
12 614(b)) is amended by striking “1996,” and all that fol-  
13 lows through “2002” and inserting “2004 through 2008”.

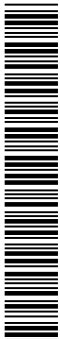
14 **SEC. 808. ACCESS TO WELFARE; WELFARE OUTCOMES.**

15       Section 411 (42 U.S.C. 611) is amended by adding  
16 at the end the following:

17       “(c) ANNUAL REPORTS ON WELFARE ACCESS AND  
18 OUTCOMES.—

19               “(1) STATE REPORTS.—Not later than January  
20 1 of each fiscal year, each eligible State shall collect  
21 and report to the Secretary, with respect to the pre-  
22 ceding fiscal year, the following information:

23                       “(A) The number of applications for as-  
24 sistance from the State program funded under  
25 this part, the percentage that are approved ver-



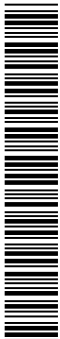
1           sus those that are disapproved, and the reasons  
2           for disapproval, broken down by race.

3           “(B) A copy of all rules and policies gov-  
4           erning the State program funded under this  
5           part that are not required by Federal law, and  
6           a summary of the rules and policies, including  
7           the amounts and types of assistance provided  
8           and the types of sanctions imposed under the  
9           program.

10          “(C) The types of occupations of, types of  
11          job training received by, and types and levels of  
12          educational attainment of recipients of assist-  
13          ance from the State program funded under this  
14          part, broken down by gender and race.

15          “(2) USE OF SAMPLING.—A State may comply  
16          with this subsection by using a scientifically accept-  
17          able sampling method approved by the Secretary.

18          “(3) REPORT TO THE CONGRESS.—Not later  
19          than June 1 of each fiscal year, the Secretary shall  
20          prepare and submit to the Committee on Ways and  
21          Means of the House of Representatives and the  
22          Committee on Finance of the Senate, publish in the  
23          Federal Register, and make available to the public  
24          a compilation of the reports submitted pursuant to  
25          paragraph (1) for the preceding fiscal year.”.



1       **TITLE IX—EFFECTIVE DATE**

2       **SEC. 901. EFFECTIVE DATE.**

3           (a) IN GENERAL.—Except as provided in sections  
4 208 and 502(f) and in subsection (b) of this section, the  
5 amendments made by this Act shall take effect on October  
6 1, 2003, and shall apply to payments under parts A and  
7 D of title IV of the Social Security Act for calendar quar-  
8 ters beginning on or after such date, without regard to  
9 whether regulations to implement the amendments are  
10 promulgated by such date.

11          (b) DELAY PERMITTED IF STATE LEGISLATION RE-  
12 QUIRED.—In the case of a State plan under section 402(a)  
13 or 454 of the Social Security Act which the Secretary of  
14 Health and Human Services determines requires State  
15 legislation (other than legislation appropriating funds) in  
16 order for the plan to meet the additional requirements im-  
17 posed by the amendments made by this Act, the State plan  
18 shall not be regarded as failing to comply with the require-  
19 ments of such section 402(a) or 454 solely on the basis  
20 of the failure of the plan to meet such additional require-  
21 ments before the 1st day of the 1st calendar quarter be-  
22 ginning after the close of the 1st regular session of the  
23 State legislature that begins after the date of the enact-  
24 ment of this Act. For purposes of the previous sentence,  
25 in the case of a State that has a 2-year legislative session,



- 1 each year of such session shall be deemed to be a separate
- 2 regular session of the State legislature.

